Admission Document

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action you should take, you should consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled ''Risk Factors'' in Part 2 of this document, which sets out certain risk factors relating to any investment in Common Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

BOKU, INC

(Incorporated and registered in the State of Delaware, US under the General Corporation Law of the State of Delaware with registered number 4611802)

PLACING OF 25,423,728 NEW COMMON SHARES AND 50,847,458 EXISTING COMMON SHARES AT 59 PENCE PER SHARE

AND

ADMISSION TO TRADING ON AIM

Nominated Adviser and Broker:

PEEL HUNT

PEEL HUNT LLP

This document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for Admission.

Application will be made for the Common Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Common Shares will commence at 8.00 a.m. on 20 November 2017. The Common Shares are not traded on any other recognised investment exchange and no other such applications have been made.

All of the Common Shares, including the Placing Shares, will, on Admission, rank equally in all respects, including the right to receive all dividends or other distributions thereafter declared, made or paid.

Peel Hunt has been appointed as nominated adviser to the Company in connection with the Placing and Admission. The responsibilities of Peel Hunt, as nominated adviser under the AIM Rules for Companies, are owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Peel Hunt as to any of the contents of this document and Peel Hunt has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document.

Peel Hunt, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with Admission. It will not be responsible to persons other than the Company for providing the protections afforded to its clients or for advising any other person on the contents of this document or on any other transaction or arrangement referred to in this document.

This document may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. Securities may not be offered or sold in the United States absent (i) registration under the US Securities Act or (ii) an available exemption from registration under the US Securities Act. The securities mentioned herein have not been, and will not be, registered under the US Securities Act or any applicable state securities laws and will not be offered to the public in the United States.

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or to buy, or to sell or transfer, any Common Share or other securities of the Company to any person in the United States or to persons elsewhere who are "US persons" within the meaning of that term as it is used in Regulation S of the US Securities Act ("**US Persons**") to whom it is unlawful to make such offer or solicitation or which may result in the requirement to register the Common Shares under the US Securities Act or qualify the Common Shares under applicable US state securities laws. The Placing Shares will be sold only to non-US Persons in "offshore transactions" as defined in and pursuant to Regulation S of the US Securities Act or otherwise in transactions that are exempt from the registration requirements under the US Securities Act and applicable US state securities laws.

The Placing Shares offered by the Company to non-US Persons in the Placing are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S. The Placing Shares are "restricted securities" as defined in Rule 144 promulgated under the US Securities Act. Purchasers of the Placing Shares may not offer, sell, pledge or otherwise transfer Placing Shares, directly or indirectly, in or into the United States or to, or for the account or benefit of, any US Person, except pursuant to a transaction meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act. All Placing Shares are subject to these restrictions until at least the expiry of one year after the date of Admission.

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe such restrictions.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Part 1 of this document.

The forward looking statements in this document, including statements concerning projections of the Group's future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Group are specifically described in Part 2 of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward looking statements.

Forward looking statements may and often do differ materially from actual results. Any forward looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based on information currently available, they may prove to be incorrect. Prospective investors should, therefore, specifically consider the risk factors contained in Part 2 of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, financial information in this document, including the historical financial information on the Company for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the unaudited interim financial information on the Company for the six month periods ended 30 June 2016 and 30 June 2017 and the three month period ending September 2017, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Mr. Mark Jorge Britto (*Non-Executive Chairman*) Mr. Jonathan (Jon) Peter Prideaux (*Chief Executive Officer*) Mr. Stuart Paul Neal (*Chief Financial Officer*) Dr. Richard Lawrence Hargreaves (*Non-Executive Director*) Mr. Clint Norman Smith (*Non-Executive Director*) Mr. Keith Butcher (*Non-Executive Director*) all of the Company's registered office
Company secretary	Mr. Stuart Paul Neal
Principal place of business	2-6 Boundary Row London SE1 8HP United Kingdom
Website	www.boku.com
Nominated adviser and broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET United Kingdom
English legal advisers to the Company	Taylor Wessing LLP 5 New Street Square London EC4A 3TW United Kingdom
US legal advisers to the Company	Fenwick &West LLP 555 California Street Suite 1200 San Francisco CA 94104 United States
Auditors	Frank, Rimerman + Co. LLP One Embarcadero Center Suite 2410 San Francisco California 94111 United States
Reporting accountant	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
English legal advisers to Peel Hunt	Irwin Mitchell LLP 40 Holborn Viaduct London United Kingdom EC1N 2PZ United Kingdom

Corporate and IFRS Conversion Services	CFPro Limited Times Court Retreat Richmond-upon-Thames TW9 1AF United Kingdom
Financial PR to the Company	IFC Advisory Limited 73 Watling Street London EC4M 9BJ United Kingdom
Depositary	Link Market Services Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Registrar	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH

PLACING STATISTICS

Placing Price	59 pence
Number of Common Shares in issue at the date of this document	29,771,589
Number of Preferred Shares in issue at the date of this document[1]	112,595,610
Number of Common Shares to be issued in connection with the Pre-IPO Reorganisation	157,241,860
Number of Common Shares in the Placing	76,271,186
– New Common Shares being issued by the Company	25,423,728
– Existing Common Shares being sold on behalf of the Selling Shareholders	50,847,458
Number of Common Shares in issue on Admission	213,487,177
Number of Common Shares in respect of which Options and RSUs will be outstanding on Admission	30,742,677
Percentage of share capital on Admission represented by the New Common Shares	11.9%
Market capitalisation on Admission at the Placing Price	£125.9 million
Estimated gross proceeds of the Placing receivable by the Company	£15 million
Estimated net proceeds of the Placing receivable by the Company	£13 million
ISIN	USU7744C1063
SEDOL	BF0GJW7
TIDM	BOKU

1 The Preferred Shares are to be converted into Common Shares as part of the Pre-IPO Reorganisation which shall occur following the date of this document but immediately prior to Admission.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission effective and dealings in the Common Shares commence on AIM	8.00 a.m. on 20 November 2017
CREST accounts credited with uncertified Common Shares	20 November 2017
Despatch of definitive share certificates for certificated Common Shares	by 1 December 2017

***Each of the dates in the above timetable is subject to change at the absolute discretion of Peel Hunt and the Company*.**

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"£", "pounds" and "pence"	the legal currency of the United Kingdom;
"Act"	the Companies Act 2006;
"Admission"	the admission of the Company's share capital to trading on AIM;
"AIM"	the London Stock Exchange's AIM market;
"AIM Rules for Companies"	the AIM Rules for Companies published by the London Stock Exchange;
"Bylaws"	the amended and restated bylaws of the Company to be effective at Admission;
"Certificate of Incorporation"	the Company's certificate of incorporation, as amended and restated from time to time;
"Common Shares"	shares of Common stock of the Company with par value of $0.0001 per share;
"Company" or "Boku"	Boku, Inc. (incorporated in the state of Delaware, US with registered number 4611802);
"Convertible Notes"	the subordinated convertible promissory notes as constituted by the Note Purchase Agreement;
"CREST"	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);
"Deed Poll"	the deed poll dated 10 November 2017 entered into by the Depositary in favour of the holders of Depositary Interests;
"Depositary"	Link Market Services Trustees Limited;
"Depositary Interest"	dematerialised depositary interests representing underlying Common Shares that can be settled electronically through and held in CREST, as issued by the Depositary or its nominees who hold the underlying securities on trust;
"Delaware Corporation Law"	General Corporation Law of the State of Delaware;
"Directors" or "Board"	the directors of the Company, whose names appear on page 5 of this document;
"Distribution Compliance Period"	the period during which the Placing Shares are subject to the conditions listed under Section 903(b)(3) of Regulation S, ending on the first anniversary of Admission, or such longer period as may be required under applicable law or as determined by the Company;
"Existing Common Shares"	the Common Shares in issue immediately prior to Admission;
"FSMA"	the Financial Services and Markets Act 2000;
"Group"	the Company and its subsidiary undertakings;
"IFRS"	International Financial Reporting Standards, as adopted for use in the European Union;
"Index Ventures"	means together, Index Ventures IV (Jersey) L.P., Index Ventures IV Parallel Entrepreneur Fund (Jersey) L.P. and Yucca (Jersey) SLP;
"Lock-in Period"	a period of 12 months from Admission;
"Lock-in Agreements"	the lock-in agreements entered into by the Locked-in Shareholders and Peel Hunt, details of which are set out in paragraph 19.4 of Part 5 of this document;

"Locked-in Shareholders"	together, the Directors who hold Common Shares and all other holders of Existing Common Shares;
"London Stock Exchange"	London Stock Exchange plc;
"New Common Shares"	the 25,423,728 Common Shares to be issued by the Company pursuant to the Placing;
"New Option Plan"	the Company's 2017 Equity Incentive Plan to be adopted on Admission;
"Note Purchase Agreement"	the note purchase agreement dated 7 July 2016 (as amended from time to time) entered into by the Company and certain investors constituting the Convertible Notes;
"Options"	options to subscribe to Common Shares granted under the Share Option Plan and/or the New Option Plan and/or 2009 non-plan and/or the paymo plan (as the context requires) detailed in paragraph 4.4 in Part 5 of this document;
"Peel Hunt"	Peel Hunt LLP (incorporated and registered in England and Wales with registered number OC357088), the Company's nominated advisor and broker;
"Placing"	the conditional placing of the New Common Shares at the Placing Price by Peel Hunt as broker to the Company pursuant to the Placing Agreement and the conditional placing of the Sale Shares at the Placing Price by Peel Hunt pursuant to the Sale Agreements;
"Placing Agreement"	the conditional agreement dated 14 November 2017 between Peel Hunt, the Company and the Directors relating to the Placing, details of which are set out in paragraph 19.2 of Part 5 of this document;
"Placing Price"	59 pence per share;
"Placing Shares"	the 25,423,728 New Common Shares and the 50,847,458 Sale Shares to be sold at the Placing Price pursuant to the Placing;
"Pre-IPO Reorganisation"	the share capital reorganisation of the Company to take effect immediately prior to Admission, involving, among other things, (i) the conversion of outstanding Preferred Shares into Common Shares; (ii) the net exercise of the Khosla Warrants; and (iii) the conversion of the Convertible Notes into Common Shares, details of which are set out in paragraph 4.8 of Part 5 of this document;
"Preferred Shares"	shares of preferred stock of the Company with par value of $0.0001 per share;
"Registrars"	Link Market Services (Guernsey) Limited;
"Regulation S"	Regulation S, promulgated under the US Securities Act;
"RSU"	the restricted stock units issued by the Company as described in paragraph 21 in Part 3 of this document;
"Rule 144"	Rule 144, promulgated under the US Securities Act;
"Sale Agreements"	the conditional agreements dated on or about the date of this document between the Selling Shareholders and Peel Hunt whereby the Selling Shareholders have agreed to sell certain of the Sale Shares;
"Sale Shares"	the 50,847,458 Existing Common Shares to be sold by Selling Shareholders pursuant to the Sale Agreements;
"SEC"	the US Securities and Exchange Commission;
"Selling Shareholders"	the Shareholders that propose to sell Sale Shares in the Placing as set in paragraph 19.8 of Part 5 of this document;

"Share Option Plan"	the Company's Amended and Restated 2009 Equity Incentive Plan;
"Shareholder"	a holder of Common Shares or, as applicable, a holder of Depositary Interests;
"UK Takeover Code"	the UK City Code on Takeovers and Mergers;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"Uncertificated" or "in uncertificated form"	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"US Exchange Act"	the United States Securities Exchange Act of 1934, as amended;
"US Person"	has the meaning ascribed to such phrase by Regulation S; and
"US Securities Act"	the US Securities Act of 1933, as amended.

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references in this document to "US$", "$", "US Dollar", "dollars", "cents" and "c" are to the lawful currency of the United States of America.

All times referred to in this document are, unless otherwise stated, references to London time.

TECHNICAL GLOSSARY

The following technical definitions apply throughout this document, unless the context otherwise requires:

"API"	application programming interface;
"EBITDA"	earnings before interest, tax, depreciation and amortisation, share-based payment, foreign exchange gains/(losses) and exceptional items;
"MAUs"	monthly active users;
"MNOs"	mobile network operators;
"PSPs"	payment service providers;
"SSL"	secure sockets layer, security technology for establishing an encrypted link between a web server and a browser; and
"TPV"	total payment volume, a measure of the value processed.

PART 1

INFORMATION ON THE BOKU GROUP

1. INTRODUCTION

Boku is the world's leading independent direct carrier billing company. Boku's technology enables mobile phone users, of which there are more than five billion worldwide, to buy goods and services and charge them to their phone bill or pre-paid balance.

Boku's platform connects its customers, including Apple, Google, Facebook, Microsoft, Spotify and Sony, with billing, identity and sales systems of mobile network operators ('MNOs'). The Group's technology makes a consumer's mobile phone number into a convenient and secure payment method, providing an alternative to credit and debit cards. By using Boku, merchants take people with mobile phones and make them paying users.

Boku's merchants need to acquire and retain new users on mobile devices. Their objective is not only to acquire the maximum number of users, but also to navigate the largest number possible of these acquired users through a 'conversion funnel' from single/first use to loyal, paying customers. Boku addresses these needs by providing merchants with an interface that accesses various capabilities of mobile network operators from around the globe, primarily:

- **Billing Systems**: no other payment method reaches more people than carrier billing. According to the World Bank, there are 98 mobile subscriptions per 100 people globally and only 62% of adults have bank accounts;
- **Authentication Systems**: with Boku, a single mobile number can be used to authenticate a consumer's identity, broadcast an array of customer communications, and provide a source of funds for future purchases or subscription payments; and
- **Sales Channels**: by giving merchants the opportunity to have their services optionally added to mobile plans across MNOs around the world, Boku seeks to create a potentially vast customer acquisition channel; and Boku's platform aggregates and presents these carrier capabilities to its merchant customers through a straightforward API making Boku's technology easy to use. Carriers also have access to demographic, location and behavioural data that can be used to refine and optimise the customer acquisition and retention process.

The business has grown rapidly since its incorporation in October 2008 through the acquisition of two UK based businesses, Paymo and Mobillcash, and now employs 148 staff and is active in 49 countries, processing just under $1bn worth of transactions in the 12 months to June 2017.

The Group's strong performance is illustrated by revenues having grown by 21% (H1'17 vs H1'16) and underlying EBITDA losses for the same period cut from $7.2 million to $2.8 million. In the nine months to September 2017, the Company saw continued growth across all key metrics: user numbers, TPV and revenue, helping Boku to achieve a positive adjusted EBITDA for the month of September.

The Directors believe that the Company has the following key strengths:

- **Key merchant deals**: Boku is positioned to take advantage of the growth in digital distribution of content as it has relationships with many of the key digital platforms. Although contractual exclusivity is not common in the payments business, Apple and Sony only process carrier billing transactions with Boku and Boku is one of two providers for Spotify, Facebook and Microsoft. Furthermore, the Directors believe that Boku is the sole provider of carrier billing services for most of its other merchants.
- **Experienced Management Team**: Boku has an experienced management team, with expertise in web, mobile, and financial services. They have held executive roles for Amazon, AT&T, Visa, Bank of America, American Express, Barclays and Intuit.
- **Scale**: With 148 employees, including 87 engineers and technical specialists, Boku can support the needs of even the most demanding customers. Boku has a network of local offices in key locations that can help merchants, who do not wish to deal with carriers directly, get the commercial arrangements and technical connections that they need in order to take advantage of carrier billing.

- **Platform**: Boku has invested in its systems and platform to ensure a high performance, high resilience, high capacity system operating in a dual-centre mode, with bank grade connections and billing functionality. Boku has achieved optimal global scale and capability to roll-out enterprise merchants.
- **Market Leader**: the Directors believe that Boku generates higher revenue than any other independent carrier billing company.
- **Intellectual Property**: the Group has a healthy IP portfolio with 73 patents granted and 52 pending.

2. HISTORY AND DEVELOPMENT

Boku was founded in October 2008 by Mark Britto, Erich Ringewald and Ron Hirson. It acquired two UK companies, Mobillcash and Paymo, which had been pioneers in carrier billing.

The Company's first product was Boku Checkout, a payment panel that allows consumers to enter their phone number and make a charge to their mobile phone bill. Boku Checkout automatically ensures compliance with the various regulations and operator requirements and aggregates together many MNOs to give wide coverage. Since more people have mobile phones than payment cards, merchants use Boku Checkout in order to monetise users who are difficult to reach through other payment methods. Boku connects to the billing systems of carriers through a variety of routes and technologies to deliver Boku Checkout which, at peak coverage, extended to 79 countries.

Boku Checkout is popular with merchants operating online games of all genres, including social games and multiplayer online games. Merchants using the platform include Facebook, Electronic Arts, Riot Games (who operate League of Legends) and King.com. Most of these merchants distribute their products through the web and allow consumers to play on personal computers ('PCs').

From 2009 to 2012 the Company's TPV grew rapidly from $15 million to $245 million, but from 2013 growth stalled as users increasingly switched their attention from PCs to their mobile devices where payments were captured within the iTunes or Google Play ecosystems.

Boku launched new customers such as Sony Playstation in 2013 and in 2014 acquired Mopay, its principal competitor in this segment, which stabilised TPV and reduced margin pressure.

Prior to the levelling off of growth with Boku Checkout, the Company recognised that there was a new requirement further up the conversion funnel. Rather than just monetising users at the point of purchase, merchants needed a better way to collect payment credentials upfront when users were still evaluating their app or service before a decision to pay had taken place. Spotify was the first customer to look to Boku for a solution; it had many users of their free, ad-supported product, but to grow their revenues they needed a way to upgrade them as simply as possible to Spotify Premium service. The solution was Boku Account.

In 2012, Boku acquired Qubecell, an Indian carrier billing company that served as the foundation of what would become a major technology centre employing dozens of carrier engineers and network operation personnel.

Between 2013 and the first half of 2016 progress was relatively slow as a critical mass of carriers equipped with the capability to support Boku Account had yet to be achieved. Since the second half of 2016, growth has been impressive with volumes increasing to $611 million for the first half of 2017 (compared with $557 million for 2016 full year). User activation rates for the 12 months to 30 June 2017 totalled just under 11 million users.

In 2016, Boku launched its latest product, Boku Acquire, which provides merchants access to MNO's ability to distribute apps to their user base. Boku Acquire allows subscribers to bundle products, such as music streaming services, anti-virus software, handset insurance or cloud storage into their carrier plan.

3. MARKET SIZE AND KEY INDUSTRY TRENDS

According to the World Bank, there are 7.2 billion mobile connections worldwide. Within this population, there is an increasing use of smartphones where the installed base reached 2.8 billion in 2016. For many people, their first experience of the internet is being delivered through a mobile device.

According to McKinsey & Company's 2016 Global Media Report, consumer spending on all digitally distributed media should reach $144 billion this year and grow to $194 billion by 2020. To provide consumers with an easy way to buy all this content, publishers are increasingly looking beyond conventional bank card-based payment methods. Indeed the Worldpay Global Payments Report estimates that 64% of all online payments will use an alternative by 2020.

These trends drive demand for Boku's services specifically in the area of digital goods. Carrier billing is a truly global payment method that can reach beyond the banked adult population and is capable of supporting payments in the background.

3.1 Market Evolution

(a) *PC Games*

The PC Web Games market, which is supported by Boku Checkout, is estimated by Newzoo to reach over $34 billion in 2019. Unlike closed device ecoystems that typically require content to be distributed exclusively through an official app store/game store, the open nature of the web has long allowed publishers and retailers to operate their own independent sales and distribution channel. As a result, Boku Checkout is sold to dozens of individual companies who operate their own web storefronts rather than the few exclusive channels that are tied to a specific device platform. For instance, Facebook Games, Riot Games, and Activision Blizzard are examples of companies that sell game content to consumers directly from their own websites, utilising the Boku Checkout system.

(b) *Digital Content*

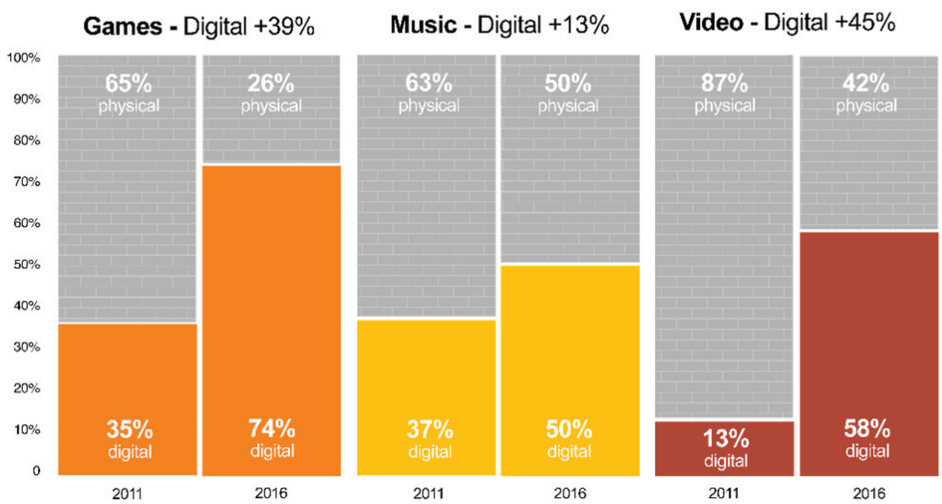
Digital content for devices is increasingly being distributed through online retailers and streaming services rather than through physical media channels. The growth of digitally distributed content (comprising of games, music, video, software, and other digital services) is led by mobile app stores which are expected to exceed $82 billion in sales for 2017. This figure does not include digital sales that take place outside of the app stores (e.g. desktop and mobile websites) which, if included, would increase the sales number higher.

Digital content distribution worldwide is relatively concentrated with much of the business being undertaken by one or two key players worldwide in each segment: Apple and Google in mobile content, Sony's Playstation and Microsoft's Xbox in console content, Spotify and Apple Music in streaming music, Netflix and Amazon Prime in streaming video, Amazon Kindle and Apple's iBooks for e-books. Boku's strength comes from the fact that it has contracts in place with the companies listed above (excluding Netflix, Amazon Prime and Amazon Kindle). This makes Boku exceptionally well placed to grow through launching its existing merchants in new territories, rather than having to find new customers.

(c) *Growth Drivers*

Growth for Boku in the digital content business arises from a number of sources:

- **Organic growth:** the market for digitally distributed content is growing as physical distribution shrinks. This trend is evident in all subsectors.



- **Increased penetration within existing connections:** When launching a new carrier connection, the app store only provides an opportunity to use Boku to new consumers as they register and existing consumers as their previous payment method expires. The Directors believe that, based on Boku's experience with early connections, full penetration will not be reached for 20 months after launch, leaving a natural level of growth on any connection less than 20 months old.
- **Risk management optimisation:** Most carriers apply standard spending limits to all of their subscribers. Boku is able to help carriers to target customers who are capable of spending more and settling their bill. For these targeted customers, limits can be raised allowing for increased spending.
- **Connection optimisation:** Due to fully functional systems already being in place, once one merchant is launched on a Boku Account connection with a particular carrier, it becomes easier to launch additional merchants with the same carrier, further boosting growth.
- **Launching new connections:** The Directors believe that another way to grow revenue will come from launching new carrier connections for existing merchants. For major merchants, Boku has a programme to roll-out more connections with carriers in the coming years.

3.2 *Geographic Markets*

Historically, the Company's primary markets have been the UK and Germany and they both remain important today. However of increasing importance are new markets in Asia, especially Taiwan and Japan. These countries are more mature in their use of carrier billing but have been difficult for foreign companies to penetrate. Based on the launches of Boku's merchants in these territories, the Company has been able to obtain high quality connections in these markets. The Directors believe that, by the end of 2017, Asia will become Boku's largest region and Japan its largest market for TPV, transactions, users and revenue.

3.3 *New Growth Opportunities*

- **New customers:** there are still a number of major distributors of digital content, that have yet to implement Boku's services, which the Company continues to target. These targets operate in the app stores, PC games, video streaming and console sectors.
- **New services:** emerging market segments for Boku include Insurance, Regulated Gambling, Social Media Advertising, Transportation and Ticketing. The Directors believe that these segments value consumer convenience and have relatively low average transaction values and therefore Boku can compete effectively against other alternative payment methods, which merely offer a convenient way of getting through to the same set of banked adults or extend to highly localised user bases.
- **New networks:** while Boku's primary network for reaching consumers has been through wireless billing relationships, it has experimented with other types of networks such as eWallets and Internet Service Providers (ISPs). The Company intends to continue exploring new ways of reaching consumers through alternative networks, especially on channels that are often owned by the same telecommunication conglomerates that operate the wireless networks Boku has integrated with, including home cable, satellite, internet services, and mobile money schemes.
- **New propositions:** the Company is investigating the provision of identity, authentication and security applications using the capabilities in its carrier network.

4. BUSINESS OVERVIEW

4.1 *Boku's proposition to merchants*

Boku's business model is to sell easier, faster, and more scalable ways for merchants to acquire 'more paying users' by integrating into the systems of mobile network operators. Mobile operators collectively service nearly 5 billion subscribers, an extraordinary reach that no single platform in the world has ever achieved. The inherent challenge is that those 5 billion users are spread across more than 800 individual mobile operators, a seemingly impossible number for any merchant to integrate.

Boku's value proposition is simple: connect once to Boku and gain access to as many carriers as you want to partner with. This is possible because of Boku's investments in technology, personnel, and experience which have harmonised hundreds of idiosyncratic connections onto a platform into which merchants can integrate. Without this kind of solution, the Directors believe that mobile operators would remain too fragmented as a way of effectively competing against other global solutions such as Facebook or Visa.

The Directors believe that merchants hire Boku to facilitate their acquisition of 'more paying users' and their willingness to pay Boku is based on a simple value calculation: will the customer acquisition cost be lower than the lifetime value gained? Once a merchant decides to incorporate mobile operators into its customer acquisition strategy, Boku reduces the complexity of set up, accelerates time to market, minimises cost of operation, and maximises user conversion. The Directors believe that this explains why Boku has successfully acquired, across its whole platform, more than 11.5 million users in the last 12 months.

The importance of getting 'more paying users' can best be summarised by Tim Cook, Chief Executive Officer of Apple who publicly reported in their Q2 2017 earnings call that:

"The combination of more people spending more over time contributes to this growth for the App Store. People start at a certain level and then spend more over time.…The number of paying accounts in the last 90 days is the largest we've ever had, lots of people coming into the ecosystem and paying. The number of paying accounts is growing a lot."

In Apple's Q3 2017 results call, Luca Maestri, Apple's Chief Financial Officer was reported by Venturebeat as saying that *"there has been a big increase in the number of paid accounts on the App Store… He explained that the growth is not just driven by more devices being sold and used, though that certainly plays a role. He pointed to Apple's efforts to use alternative methods of payment on the App Store – such as via users' phone bills … – as enabling a whole new class of customers."*

In light of iTunes activating more paying accounts in recent months or Spotify achieving an improvement in their activation rate of up to 20% by defaulting to Boku, the Group's capacity to facilitate 'more paying users' is both simple to understand and measure.

4.2 *The role of consumers*

While consumers never pay Boku directly and may be unaware that they are doing so, it is ultimately their use of Boku's services which justifies Boku's fees. Unlike the earliest consumers of carrier billing who used it out of necessity as other forms of payment were impractical to use on a feature phone handset, consumers today are offered a choice of either using traditional payment methods or carrier billing. This means that the billions of dollars processed on Boku's platform were a direct result of millions of consumers deliberately choosing to use their mobile number to pay. The Directors believe this is because:

i. a mobile number is easier to enter than a credit or debit card number;

ii. mobile numbers are perceived as less vulnerable than bank credentials and payment card details; and

iii. cash options like prepaid cards and cash-in agents are inconvenient.

4.3 *Symbiotic relationship with carriers*

Boku helps carriers win more business and run more efficiently. Boku's role to carriers is not unlike that of a shared network where the whole is greater than the sum of its parts. Mobile operators recognise that the value of their assets is enhanced when Boku interconnects them with other mobile operators to offer merchants a more scalable and consistent way to consume their services.

Additionally, the more merchant transactions Boku consolidates for the carrier, the more efficient and intelligent Boku's system becomes, giving carriers much greater visibility and control over their business. With an increasing share of the transactions shifting to Boku, it is able to analyse trends more deeply, benchmark performance between more companies, and deploy risk and fraud controls that are smarter.

5. THE GROUP'S OPERATIONS

5.1 *Technology Platform*

Boku's technology platform allows merchants to interact through a single connection with multiple carriers around the world, each of which may have differing underlying technical infrastructures. The platform integrates into different carriers' systems allowing merchants to access their billing, authentication and sales capabilities.

Geographic support is broad: the Company is currently connected to 173 carriers, in 50 countries, in 32 currencies and provides first line support in 24 languages.

The platform has been designed for availability, security, performance, scale and flexibility.

The platform is fault-tolerant; situated in two data centres with active support, the hardware in each facility is fully duplicated. In the event of a complete data centre outage, processing can continue in the other facility.

The system has many security features to protect against external attack. Firewalls are deployed to filter out suspicious traffic and a distributed denial of service prevention system is used. Modern hardware and the latest defences against malicious software are employed using dual SSL technology to ensure connections to carriers are secured.

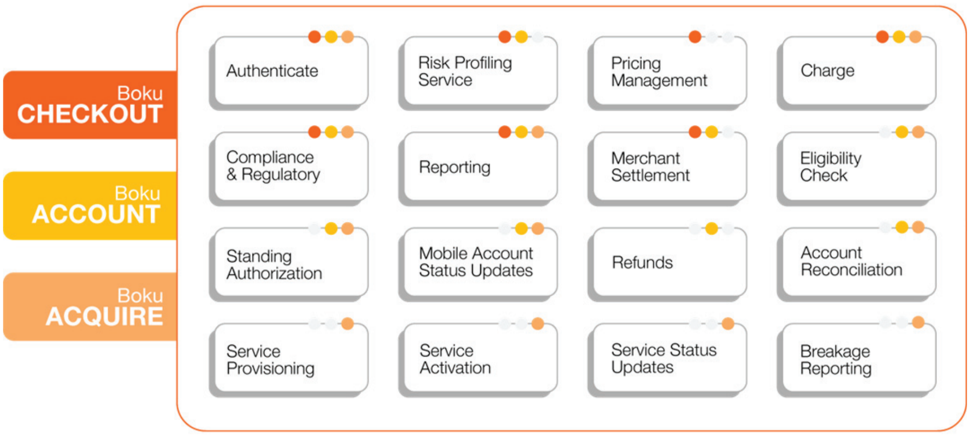
Further security features are deployed to attack possible fraud and suspicious transaction patterns.

The Boku system handled more than 100 million transactions in the last 12 months and is built for scale. Transactions do not come evenly throughout the day, but will typically peak at certain times. The current configuration has already been tested at up to 400 transactions per second, more than twice the current level required. Further increases in capacity can be deployed at modest cost.

Boku's systems architecture includes various micro-services, each of which perform a particular task or access a particular carrier capability. These micro-services can be reconfigured in different combinations in order to deliver different product functionality depending on the merchant's requirements.

Connections to network operators are deployed in specific connectors that can be easily developed and deployed. Boku's productivity in deploying new, highly sophisticated connections has grown as common patterns across the industry begin to form and the tools that Boku has developed allow more automation, thereby relying less on bespoke engineering effort.

This diagram illustrates the main capabilities of the Boku platform and which capabilities are used in the main Boku products.

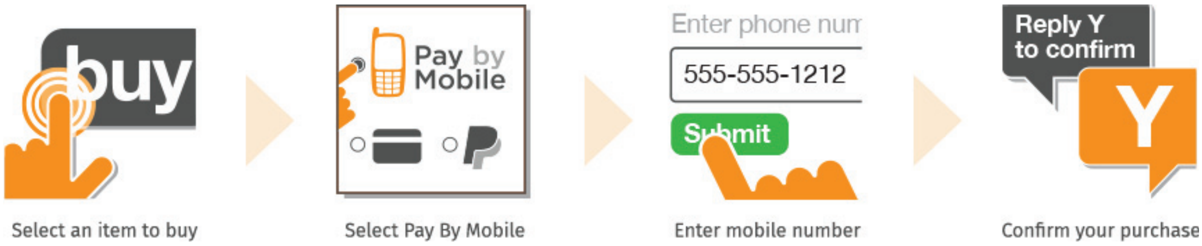


5.2 *Boku Checkout*

Boku Checkout is integrated into the billing system of operators allowing merchants to accept payments from nearly any mobile phone in the world. The technology dynamically displays the correct ‘Pay by Mobile’ options from hundreds of mobile operators all over the world. To use it, a user:

1) Selects the ‘Pay by Mobile’ option.
2) Enters their phone number on the web or mobile web payment panel.
3) Seconds later, a text message appears on their phone.
4) To confirm the charge, they can reply ‘Y’ or enter the one time PIN that was received.

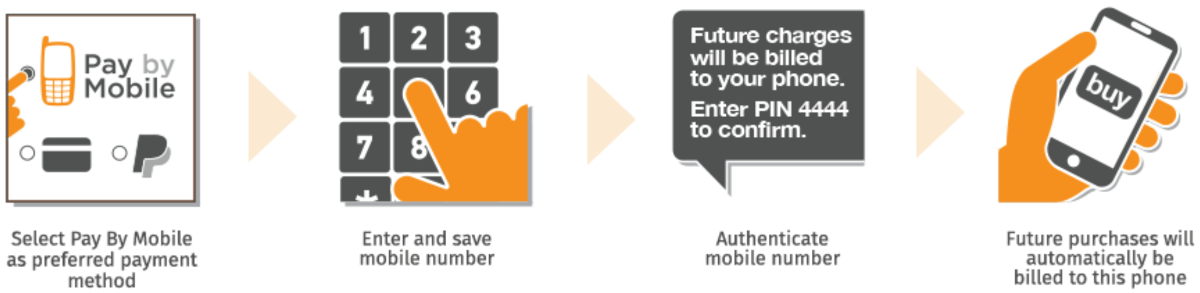
How it works:



5.3 *Boku Account*

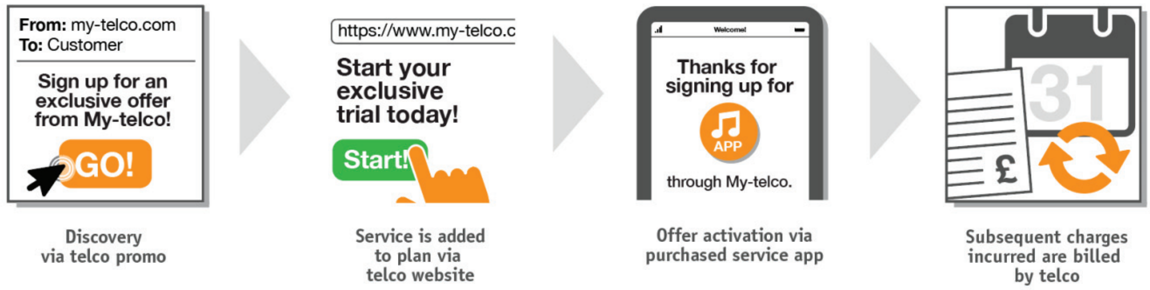
Boku Account is concerned with activating customers for payment. It accesses not only the carrier’s billing engine, but also their identification service. It is designed to support the more common way of paying, especially on mobile devices, where a payment method is registered when an account is first activated, then subsequent charges are automatically executed in the background. In short, Boku Account allows a phone number to be stored securely on file and for merchants to make charges without the consumer having to re-enter payment details on subsequent purchases.

To make the registration as simple as possible, Boku Account supports 1-Tap registration whereby the consumer is able to register their phone number in a single step, due to Boku’s ability to determine their phone number automatically. Moreover, Boku can check that the phone number is eligible for billing and for the proposed service. Once registered, merchants send through payment requests via an API. This simple method increases activation rates by turning users of free services into paying subscribers.



5.4 *Boku Acquire*

Boku Acquire is a tool to support carrier bundling programmes, where customers subscribe for products such as music streaming services, anti-virus software or cloud storage. Carriers directly acquire customers who have these products bundled into the customers' carrier plan. The merchant also benefits as they too acquire more users for their service. The Boku Acquire technology makes the connection between the sales systems of the carrier and the provisioning system of the merchant ensuring that only eligible users obtain access to the special offer; that upgrades and downgrades are processed and information is available to both parties enabling them to settle their obligations to each other.



5.5 *Carrier Network Relationship*

The Boku platform depends on a strong carrier network. To reinforce its carrier network, Boku provides certain tools and capabilities designed to create compelling reasons for carriers to prefer to connect to Boku. Boku aims to make carriers' lives simpler and to enable them to make more revenue from each merchant connection than they would from going it alone or using an alternative provider.

(a) *Boku Connect*

Boku Connect is a suite of tools that helps a merchant to develop, implement and operate a superior connection. Starting with reference APIs, Boku Connect also includes consultative services and tools to help with deployment, testing, maintenance and monitoring. Together they can significantly shorten the length of time that it takes a carrier to deploy the most advanced connections.

(b) *Boku Optimise*

Once connected, a carrier needs to optimise their responses to ensure that good transactions are being approved, users with the highest potential are identified and have their spending limits increased, whilst users with a high propensity to default on their payments to the carrier are prevented from transacting. Boku Optimise provides data analytics, transaction scoring, and a programme of carrier recommendations to help maximise the value and throughput on any particular connection.

The Directors believe that the Boku Platform is a key asset; the depth and breadth of its connections into carriers is expanding as Boku rolls out new capabilities and the scope for new products and capabilities to be launched using the Boku Platform is considerable.

6. REVENUE MODEL

Boku operates two principal recurring revenue models; Settlement and Transaction.

(a) *Settlement*

In the Settlement model, Boku has contracts with the carriers and a separate contract with the merchant. Funds flow from the carrier (after deducting their commission) to Boku and then to the merchant (after deducting Boku's fee). The carrier does not have visibility of Boku's fee, and the merchant generally does not have insight into the split between Boku's fee and the carrier's share. Boku's fee is recognised as revenue in its income statement.

Operating in this model requires considerable resources to strike deals with carriers and to reconcile payments from them.

The complexity of negotiating and operating their own agreements with carriers means that most merchants, who allow their customers to transact and charge to their phone bill, elect to use the Settlement model. The extra work involved in collecting and settlement means that Boku generates higher gross margins in the Settlement model than in other models.

(b) *Transaction*

Some larger merchants have the global scale and desire to negotiate directly with carriers and manage the collections process. For these merchants, Boku operates the Transaction model. Under this model, funds flow from the carrier to the merchant. Boku's fee is separately invoiced to the merchant and paid by them. The carrier is not aware of Boku's fee, which is paid directly by the merchant. The Boku fee is recognised as revenue in its income statement. Since collections do not have to be undertaken from the carrier or payments made to the merchant, cost of goods sold in the Transaction model is lower than in the Settlement model.

(c) *Other revenue streams*

Revenues are generated for other products and services including Boku Acquire, information and reporting services and charges to carriers for Google connection services. These are invoiced in a number of different ways including implementation fees, monthly fees and success based models. Whilst predicted to grow, currently these revenue streams make up less than 5% of total Group revenues.

7. GROWTH STRATEGY

Boku's strategy is to aggregate carrier capabilities and provide them to merchants in a simple to use API, thereby allowing merchants to access people with mobile phones and use the carriers' systems to charge, authenticate and verify them. Boku's priority is to deepen its integration to different aspects of carriers' systems, to develop new use cases and target more merchants. Boku's growth plan is to:

- **Partner with carriers who are prepared to change:** MNOs are not unanimous about the opportunity: some see it as strategic, others regard current revenues as low in the context of their overall income. Boku seeks to work with carriers who are prepared to change and invest. In general terms (there are exceptions), this leads to a leaning towards carriers in Asia, Europe and the Middle East as opposed to Africa and the Americas.
- **Provide a package of support services to carriers**: Boku Connect and Boku Optimise are designed to simplify the upgrade and connection process for carriers. Boku's aim is to provide carriers with the fastest way to integrate to new merchants, the simplest operational approach and the highest commercial returns.
- **Extend partnerships with global brands:** the Company aims to sign up big global brands that are new to carrier billing. The prospect of increasing revenues by connecting to big global companies like Apple or Spotify has helped influence carriers to make the investments needed for their business to reach its potential.
- **Roll-out existing digital merchants:** Boku's immediate plan is focussed on rolling out existing merchants into new territories.
- **Diversify beyond digital:** the upgrade of the carrier technology has opened up the possibility of new opportunities for Boku outside digital content with real world services such as parking, ticketing and transportation along with some physical goods such as coffee, snacks and other low value, high margin merchandise. Boku Commerce activities have been initiated in the UK and Japan (where you can buy coffee at UCC Coffee and pay with Boku), but this is a source of real potential future growth.
- **Create new propositions:** Boku is building a network which will be able to provide global authentication, identity and marketing services for mobile phones users world-wide. The Directors believe that they will be able to build new propositions exploiting these capabilities.

The Directors believe that Boku's market-leading position and references make it the low-risk option for a merchant wishing to experiment with a new payment mechanism. The strategy for sales and marketing is centred around:

i. **Direct Sales Model:** Boku's sales strategy of signing up large global brands is based around a face-to-face direct sales model. The Company's primary task is to persuade a merchant to try carrier billing in order to increase its sales, rather than to present Boku as the best carrier billing partner. Boku primarily competes with other alternative payment methods rather than other carrier billing providers. The Directors believe that the Company's prospective customers face a choice between investing resources into another alternative payment provider such as PayPal or Klarna versus spending those resources on connecting to Boku.

ii. **Use of PSPs:** Whilst large merchants require a face-to-face sales approach, over time the Company anticipates making more use of PSPs to distribute its service to merchants selling non-digital products such as bus tickets, food and beverage, parking and utilities and has established connections with major PSPs such as Worldpay, Adyen, Safecharge and Ingenico e-Payments.

8. REGULATORY ENVIRONMENT

A variety of regulatory frameworks apply to Boku's business. This includes regulations relating to payments, e-commerce, data protection, privacy, age verification, and telecommunications. The applicability of regulatory frameworks to Boku's business varies by jurisdiction, though on the whole the Company is regulated via telecoms regulations as opposed to financial regulations.

8.1 *Europe*

Within the EU, payment services are regulated under the framework of the Payment Services Directive (PSD). The PSD contains an exemption for carrier billing provided that it is used for digital content. The recast Payment Services Directive (PSD2), coming into force in January 2018, will slightly narrow this exemption and will require that certain transaction limits are respected. In the UK, HM Treasury has indicated that the exemption will continue to apply to intermediaries like the Company. Within Europe therefore, Boku's business is regulated either by national telecoms bodies such as the Phone-paid Services Authority in the UK, ComReg in Ireland, and the Ethical Commission in Belgium.

Additionally, Boku is authorised as an Electronic Money Institution by the Financial Conduct Authority in the UK and has passported its authorisation throughout the EEA, with permissions to issue electronic money and carry out certain payment services. This enables Boku to be used to facilitate a purchase for any type of good or service (physical or otherwise), in cases where the exemption for carrier billing does not apply. Currently this constitutes a small portion of Boku's business (less than 5%).

Boku has put in place a data protection scheme to ensure that customer's personal data can be transferred outside the EEA. Only limited personal data is captured, specifically the mobile number of the customer. In line with the European Commission and UK Information Commissioner's requirements, Boku's terms of use, which must be explicitly accepted by consumers before transacting, include a provision whereby they give their prior and explicit consent to the transfer of their data, and their acceptance of Boku's privacy policy. Boku has also adopted the Model Clauses approach to cover the transfer of personal data and amended its relevant merchant agreements to reflect this. Boku adheres to the EU-US Privacy Shield framework and its Privacy Shield was recently approved by the US Department of Commerce.

8.2 *Americas*

The US has local and federal regulations that implement procedures to ensure that a charge is authorised to avoid what is commonly referred to as 'cramming'. Boku's existing business is in compliance with these regulations.

The US also regulates money transmission at the state level through state agencies and money service businesses at the federal level through the Financial Crimes Enforcement Network. Boku has worked with various state regulators to ensure that its contractual and operating model with the carriers and merchants either fall within recognised exceptions to money transmission or are outside of the regulatory framework completely.

The US also regulates the privacy of children via the Children's Online Privacy Protection Rule regulations. To ensure compliance with these regulations, Boku restricts use of its service via its terms of service to only those 18 and older, or 13 and older with parental permission.

Finally, Boku ensures compliance with anti-money laundering and foreign asset regulations by monitoring transactions for suspicious and fraudulent activity as well as ensuring that its merchants go through a compliance review before ever being permitted to process transactions on the Boku platform. The compliance review includes searches against the US Office of Foreign Assets Control list.

8.3 *Asia/Australia*

In Japan, Boku has arranged its contractual and operating model with the carriers and merchants to fall within recognised exceptions to money transmission regulations. Some other markets restrict the flow of funds through withholding taxes or, in some cases, complex regulation and therefore Boku has created an entity in Australia as well as branch offices in Japan, Singapore, China and Taiwan.

Australia has media regulations which regulate the selling of media, including software, to Australian customers via the Australian Communications and Media Authority with whom Boku is registered.

9. COMPETITIVE ENVIRONMENT

The Directors believe that Boku is the largest independent company of its type. Nevertheless, the Directors believe that carriers and merchants might evaluate a number of competitive options:

- **Other carrier billing companies:** Competitors vary dependent on the product. For Boku Checkout, competition comes principally from Premium SMS (PSMS) aggregators such as Allopass/Hipay, Netsize and Dimoco/OneBip. In the more advanced Boku Account sector, competition is principally from Docomo Digital and Bango.
- **In-house development:** The cost and complexity of building bespoke connections make in-house development an economically unviable option for most merchants. A clear exception to this rule for billing connections is Google, which has published its own API specification and operates its own platform. Once Google has reached commercial agreement with a carrier, it can choose to integrate into the Google platform directly using in-house development or through a third party integrator. While many early carriers had connected directly, the trend today is for carriers to connect via a third party integrator. For Boku Acquire, in-house development continues to be a viable alternative, especially for merchants who are seeking a few carefully selected carrier partnerships where the need for rapid scale is less acute. For merchants that aim to scale their carrier bundling programmes across many carriers in parallel, a third party integrator will often offer much better value than in-house development and there are few (if any) competing third party products that currently compete with Boku Acquire.
- **Carriers:** Some global carrier groups have built hubs that are used to aggregate connections into subsidiary companies. To some extent, this represents competition to Boku as merchants can choose to bypass Boku and connect directly into these hubs to access multiple carriers. Merchants using carrier hubs would still require separate connections into carriers not belonging to the carrier group.

The Directors believe, however, that Boku's predominant competition is not from companies performing the same type of services as the Company, but rather other alternative payment providers or customer acquisition networks.

10. INTELLECTUAL PROPERTY

Boku values its intellectual property and has invested in protecting it. Boku currently has 73 issued patents, including key patents protecting Boku's payment gateway, and key features such as phone-on-file, predictive authorisation, and merchant managed subscriptions. Boku has an additional 52 filed patents pending in the US and other territories including Australia, Canada and Japan. Boku's registered trademark portfolio covers 65 separate jurisdictions, including the US, Japan, China and the EU.

11. SUMMARY FINANCIAL INFORMATION

The financial information set out in the table below has been extracted from the historical financial information of the Group included in Part 3 of this document. Shareholders should read the full historical financial information in Part 3 of this document and not rely solely on the summary below.

11.1 *Full year comparisons*

	Year ended Dec 2014 $'000	Year ended Dec 2015 $'000	Year ended Dec 2016 $'000
TPV	311,247	344,880	554,009
MAUs ('000s)(At period end)	1,019	1,884	3,354
Total revenue	18,335	19,195	17,193
Gross profit	14,220	15,174	14,420
Underlying EBITDA[2]	(9,621)	(11,360)	(12,274)

2 Underlying EBITDA excludes share based compensation, exceptional reorganisation cost and costs relating to the IPO

11.2 *Half year comparisons*

	6 months ended Jun 2016 $'000	6 months ended Jun 2017 $'000
TPV	211,423	611,672
MAUs ('000s)(At period end)	2,082	4,741
Total revenue	8,403	10,207
Gross profit	7,049	9,195
Underlying EBITDA	(7,165)	(2,758)

12. CURRENT TRADING AND PROSPECTS

Current trading continues to be in line with the Directors' expectations. Growth has accelerated in the Group's core metrics over the last 12 months. Recent launches include new connections for Apple, Spotify, Google, Microsoft and Blizzard. When comparing performance in the first half of 2017 with the same period in 2016, MAUs have increased by more than 100%, successful transactions by 124%, TPV by 189% and projected user life time by 37%. The Directors have confidence in the Group's prospects for the current financial year and beyond. Boku is focusing on the roll-out of its existing customers, targeting Google connections, large carriers who have previously connected directly, as well as extending into the general payments sectors, with high mobile device penetration and average transaction values around $50 where consumers look for convenience and speed. The proposition is to be launched initially in the UK and Japan, where Boku has existing merchants and carriers offering attractive commercial terms. The Company is now looking to extend the use of carrier billing into other sectors such as regulated gambling, insurance, advertising, transportation, ticketing and small purchases such as coffee and take-away food. Current volumes in these areas are modest (approximately $45 million TPV, in the last 12 months) but the Directors believe that this remains a significant area of potential.

The Company recently launched Boku Acquire, a programme that allows the management of products distributed through MNOs' bundling programs. With Boku Acquire, subscribers for products, such as music streaming services, anti-virus software, handset insurance or cloud storage, have them bundled into the consumers' carrier plan with the provisioning and subscriber status managed by Boku. Lookout Mobile Security, ACE Insurance, and Apple Music have already worked with Boku to implement such programs.

The Directors also believe that there is considerable potential in aggregating other carrier capabilities and are actively exploring applications in identity, authentication and security.

In the nine months to September 2017, the Company saw continued growth across all key metrics: user numbers, TPV and revenue, helping Boku to achieve a positive adjusted EBITDA for the month of September.

New users to the Boku platform increased by 10.6 million in the nine months to September 2017, compared with 5.1 million during the same period in 2016; an increase of 110%.

TPV for Q3 of $468 million was 37% higher than the previous quarter and 255% up on last year – current annualised run rate now exceeds $2 billion (compared with $554 million in FY 2016). This performance was driven by growth in the app stores segment and in music and bundling services. Performance in gaming and consoles continues to remain steady.

Revenues of $6.5 million were 23% higher than Q2 2017 and 44% better than Q3 2016, reflecting strong volume growth and resilient margins.

Cost of goods sold of $0.5 million in Q3 2017 showed continued improvements in buying-efficiency, leading to gross profit improvement of 53% compared with the same period in 2016. Gross margins for the quarter were strong at 93%.

Underlying operating expenses of $6.3 million were 3% lower than Q3 2016, reflecting broad business focus on cost management and shift of some functions and processes to the Company's facility in Mumbai. There was no material capitalisation during the quarter.

For the nine months to September 2017, operating expenses were 12% lower than the equivalent period in 2016, leading to a reduction in EBITDA loss from $9.6 million to $2.9 million over the period.

13. BOARD OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Board of Directors

Mark Jorge Britto (aged 53), *Non-Executive Chairman*

With over 20 years as an entrepreneur, sales and financial services executive, Mark Britto is currently the Senior Vice President and General Manager for Global Credit at PayPal. He also serves as Boku's Non-Executive Chairman. Mark founded Boku after six years as the Chief Executive Officer of Ingenio, a service marketplace and performance advertising company, which he led to a 2007 acquisition by AT&T. Prior to Ingenio, Mark spent 4 years as Senior Vice President of worldwide services and sales at Amazon.com. Mark's first start-up, Accept.com, was bought by Amazon.com in 1999 and served as the primary backbone of Amazon's global payments platform. Mark began his career in senior credit and risk management roles at leading national banks FirstUSA and Bank of America.

Jonathan (Jon) Peter Prideaux (aged 54), *Chief Executive Officer*

Jon has more than 25 years of payments experience. He was an early Visa Europe employee and key contributor to its growth, leaving in 2006 as Executive Vice President of Marketing. He started Visa Europe's ecommerce division, was the lead executive on the introduction of Chip and PIN technology and oversaw product launches such as Visa Electron and V PAY. He served on the Board of EMVCo, was the Chairman of the Compliance Committee and was a member of Visa's Global Product and Brand Councils. Since leaving Visa in 2006, Jon served as Deputy Chief Executive Officer for SecureTrading, where he doubled transaction numbers and quadrupled profitability. He then led a management buy in at Shopcreator, the e-commerce software platform.

Dr Richard Lawrence Hargreaves (aged 71), *Independent Non-Executive Director*

Richard co-founded Endeavour Ventures in 2006 and has been investing in and advising companies for over 30 years. He began his career at 3i plc where he spent ten years before starting Baronsmead and launched one of the first VCTs – Baronsmead VCT. He sold this to Friends Ivory & Sime plc in 1995 (it later became ISIS Equity Partners). Richard was Managing Director of their unquoted investment business at that time which had £180 million funds under management. Richard is a former chairman of the British Venture Capital and Private Equity Association (BVCA). He has significant experience as a non-executive director on both public and private company boards. He is a graduate of the University of Cambridge and has an MSc and PhD from Imperial College, London. Richard is the Chairman of Boku's Remuneration Committee.

Clint Norman Smith (aged 50), *Non-Executive Director*

Clint Smith is currently the Senior Vice President of Corporate Development and General Counsel for DataStax, Inc., a California-based technology company. Mr. Smith has previously held management positions with UUNET, Macromedia, MySQL and TrialPay. He has served on the board of directors of Yub, Inc., an e-commerce company acquired in 2014 by Quotient and TrialPay, Inc., a payments company acquired in 2015 by Visa. Mr. Smith is currently Chairman of the Audit Committee and has agreed to serve until April 2018, when Mr. Butcher is expected to be appointed Audit Committee Chair.

Keith Butcher (aged 54), *Independent Non-Executive Director*

Keith was most recently Chief Financial Officer at Blancco Technology Group. Over the course of his career, Mr. Butcher has held Chief Financial Officer roles at several high-growth technology and e-commerce companies, including PaySafe Group, Flomerics and DataCash Group. In each of these roles, he played an instrumental role in streamlining costs, improving investor relations and guiding the companies through successful mergers and acquisitions. During his tenure as Chief Financial Officer at PaySafe Group, formerly known as Optimal Payments, Mr. Butcher guided the company through three significant acquisitions that helped transform the company into a £2 billion business. This included the company's successful acquisition of Skrill in 2015 for €1.1 billion, which propelled PaySafe Group into the FTSE 250. Mr. Butcher will chair Boku's Audit Committee.

Stuart Paul Neal (aged 45), *Chief Financial Officer*

Prior to re-joining Boku in 2017, Stuart was advising new technology ventures, bringing to market cutting edge technology in AI Machine Learning, Crypto Currency and Blockchain. Previously, he was Chief Commercial Officer at Vocalink Zapp (acquired by Mastercard), building distribution channels and creating merchant demand for their Pay by Bank App product. Stuart was also Commercial Director at Barclaycard, Europe's second largest card acquirer, where he oversaw the roll out of contactless payments across the UK market. He has held senior Commercial and Finance positions within a number of blue chip corporations including GlaxoSmithKline, Worldcom and Virgin Media. Stuart was previously Chief Financial Officer of Boku between 2012 and 2014.

Senior Management

Michael (Mike) Cahill (aged 46), *Chief Operating Officer*

Mike joined Boku from American Express where he served as Vice President of Mobile Engineering managing both national and international engineering teams. In that role, Mike was responsible for American Express' app development and company-wide mobile application and mobile payment frameworks, as well as projects ranging from the implementation of Apple Pay to the development of several mobile applications. Prior to American Express, Mike was Boku's Vice President of Engineering for four years where he led multiple engineering teams in the development of Boku's industry leading mobile payment platform. He returned to Boku as Chief Technology Officer in 2014 to lead Boku's global engineering and technical operations. Prior to joining Boku, Mike held senior engineering roles at companies including Sepialine, Wakesoft, Autodesk, Buzzsaw.com, and Synon.

Adam Lee (aged 41), *Chief Revenue Officer*

Adam has been developing new products and services for startup ventures for over 15 years. At Boku, Adam leads product, design, and marketing, charged with finding innovative new applications for the over four billion mobile phones the Boku platform is currently connected to. Before joining Boku, Adam was at Intuit where he launched the world's first consumer medical wallet used to understand, manage, and pay for healthcare expenses, distributed by two of the largest US healthcare networks, UnitedHealthcare and CIGNA. Prior to Intuit, Adam had also worked for two major industry backed B2B platform companies, Neoforma and more notably GlobalNetXchange, where he developed technology and services to drive better supply chain performance between companies around the world including Carrefour, Sears, Sainsburys, Metro AG, Karstadt Quelle, Unilever, Proctor & Gamble, and Diageo.

Employees

As of 1 August 2017, the Company employed 148 people worldwide. The split of employees by area of activity is as follows:

Commercial	22
Operations	24
Technology	63
Product and Marketing	6
Legal, Compliance, Finance, HR & Admin	29
Executive Management	4

14. CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance and confirms that, following Admission, it intends to follow, as far as practicable, the recommendations in the QCA Guidelines, which have become a widely recognised benchmark for corporate governance of smaller quoted companies, particularly AIM companies.

The Company is incorporated in and subject to the laws of the State of Delaware, United States. The Board's operation and its relationship with the Company's shareholders is generally governed by Delaware corporate law and by the Company's Certificate of Incorporation and Bylaws. As such, the Directors are subject to customary fiduciary duties under Delaware law.

Following Admission, it is expected that the Board will meet at least once every two months to review, develop and approve the Company's strategy, budgets and corporate actions and oversee the Company's progress towards its goals. It has established an audit committee and, on Admission, will establish a remuneration committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. Due to the size of the Company, the Board has decided that issues concerning the nomination of directors will be dealt with by the Board rather than by a committee.

Audit committee

The audit committee is chaired by Clint Smith and its other members are Richard Hargreaves and Mark Britto, all of whom are non-executive directors. The audit committee is expected to meet formally at least twice a year and otherwise as required. It will have the responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed. Its role also includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, and advising on the appointment of external auditors. Mr. Smith will retire from the Board in April 2018 and his replacement as Chairman of the audit committee will be Mr. Butcher.

Remuneration committee

The remuneration committee is chaired by Richard Hargreaves and its other members are Mark Britto and Keith Butcher, all of whom are non-executive directors. The remuneration committee is expected to meet not less than twice a year and at such other times as required. It will have responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, chairman, and the executive directors and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors will be a matter for the chairman and executive directors of the Board. No director will be allowed to partake in any discussions as to their own remuneration.

Share dealing code

The Company has adopted a share dealing code for directors and certain employees, which is appropriate for a company whose share is admitted to trading on AIM (particularly relating to the prohibition of dealing during closed periods).

15. DETAILS OF THE PLACING AND USE OF PROCEEDS

Peel Hunt has, as agent for the Company pursuant to the Placing Agreement and the Selling Shareholders pursuant to the Sale Agreements, conditionally agreed to use its reasonable endeavours to procure placees for the New Common Shares at the Placing Price and purchasers for the Sale Shares at the Placing Price. The Placing Shares will be placed with a limited number of institutional and other qualified investors introduced by Peel Hunt.

The New Common Shares to be issued by the Company pursuant to the Placing, will represent approximately 11.9% of the share capital on Admission and will raise gross proceeds for the Company of £15 million (before estimated expenses of £2 million to the Company). The Placing Shares will on issue rank *pari passu* in all respects with the Existing Common Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the share capital. The Company will not receive any of the proceeds from the sale of the Sale Shares.

The Selling Shareholders have, pursuant to the Placing, agreed to sell the Sale Shares, raising gross proceeds for the Selling Shareholders of £30 million before their expenses. The placing of the Sale Shares is being undertaken to, among other things, assist with post-Admission liquidity in the trading of the Company's share capital.

The net proceeds of the Placing are intended to be used by the Company, in order of priority, as follows:

- £7 million to be used for improvements to the Company's working capital position, specifically the retirement/reduction in reliance on receivables financing (factoring); and
- £6 million to be used for investment in growth opportunities, including (but not limited to) new product development.

In addition, the Board believes that Admission will assist the Group in its development by: (i) raising its profile in the sector; (ii) streamlining the ownership structure by getting the Company onto a single class of share; (iii) providing Boku with access to a currency to enable acquisitions should opportunities arise; and (iv) increasing access to capital should further finance be required to expand the business of the Group.

Application has been made for the Common Shares to be admitted to trading on AIM. Neither the Placing Shares nor the Sale Shares have been marketed in whole or in part to the public in conjunction with the application for Admission.

The Placing is conditional, *inter alia*, on:

(a) the Placing Agreement becoming unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission; and

(b) Admission taking place on 20 November 2017 or such later date as Peel Hunt and the Company may agree, not being later than 30 November 2017.

The New Common Shares will be issued credited as fully paid and the Sale Shares are credited as fully paid. Except as noted in Part 6 of this document, the Common Shares will be freely transferable.

On Admission the Company will have a market capitalisation of approximately £125.9 million at the Placing Price. Further details of the Placing Agreement and Sale Agreements are set out in paragraphs 19.2 and 19.8 of Part 5 of this document.

16. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

Pursuant to the Lock-in Agreements, the Locked-in Shareholders, holding Common Shares representing 64.6% of the share capital at Admission, have agreed that, subject to certain exceptions, they will not dispose of Common Shares held by them during the Lock-in Period except with the prior written consent of Peel Hunt. In addition, those Locked-in Shareholders who each hold 3% or more of the Common Shares (as set out in paragraph 7.1 of Part 5 of this document) have agreed with Peel Hunt not to dispose of Common Shares held by them for a further period of six months from the expiry of the Lock-in Period in accordance with orderly market principles.

Details of these arrangements are set out in paragraph 19.4 of Part 5 of this document.

17. DIVIDEND POLICY

The Company has not declared or paid cash dividends on the Existing Common Shares prior to the date of this document.

The Board has no current intention of paying a cash dividend to Shareholders as the Board currently intends to invest the Company's cash reserves and any cash generated into driving business growth, but will consider declaring a dividend only when prudent to do so and in the context of the cash generated by the business.

18. EMPLOYEE INCENTIVE SCHEMES

The Board considers employee share ownership to be an important part of its strategy for employee incentivisation and has an established framework to allow employees to share in the success of the Group by the award of Options. Please refer to paragraph 11 of Part 5 of this document for further information relating to the terms of the Options.

On Admission, the Company will adopt the New Option Plan, which will cover the grant of Options to employees and to directors and senior management. There will be dilution limits for the New Option Plan so that not more than 10% of the issued share capital can be under option for any ten year period following Admission and not more than 5% can be under option for executive Options. The option agreements for the employees will be on similar terms to the existing Options, so that they will generally vest over four years based on continued service of the Company and will not contain performance conditions. The option agreements for the directors and senior management will generally be subject to the satisfaction of performance conditions over a three year period and can only be exercised at the end of the three year period to the extent that the performance conditions have been satisfied. The Remuneration Committee will be taking external advice on the type of performance conditions, but it is anticipated that the conditions will be selected to focus the option holders' attention on enhancing Shareholder value. The leaver provisions for directors and senior management will be different from the employees. Directors and senior management will only be able to exercise a proportion of their Options to the extent that the performance conditions have been satisfied and if they are good leavers. It is the intention that good leavers will include individuals leaving due to ill-health, injury, disability, retirement or redundancy or where the Remuneration Committee uses its discretion to determine that an individual is a good leaver.

19. ADMISSION, SETTLEMENT AND CREST

Admission and CREST

Application has been made to the LSE for the Common Shares to be admitted to trading on AIM. It is expected that Admission will take place, and that dealings in the Common Shares on AIM will commence at 8.00 a.m. on 20 November 2017.

CREST is a voluntary, paperless settlement procedure enabling securities (including Depositary Interests) to be evidenced otherwise than by a certificate and transferred otherwise than by way of a written instrument in accordance with the CREST Regulations. The system is designed to reduce the costs of settlement and facilitate the processing of settlements and the updating of registers through the introduction of an electronic settlement system. Common Shares may be held in electronic form and evidence of title to Common Shares will be established on an electronic register maintained by a registrar.

The requirements of the AIM Rules for Companies provide that the Company must, on Admission becoming effective, have a facility for the electronic settlement of the Common Shares. As the Company is incorporated in the United States its Common Shares are not eligible to be held directly through CREST and, accordingly, the Company has established, via the Depositary, a Depositary Interest arrangement. The Depositary Interests representing the Common Shares will be issued to the individual Shareholders' CREST account on a one for one basis and with the Depositary providing the necessary custodial service. It is expected that, where placees have asked to hold their Common Shares in uncertificated form, they will have their CREST accounts credited with Depositary Interests on the day of Admission. For further details of the Depositary Interest arrangement please refer to paragraph 17 of Part 5.

Effects of US Domicile

The Company is a US corporation organised under the laws of the State of Delaware, but its principal place of business is based in the UK. There are a number of differences between the corporate structure of the Company and that of a public limited company incorporated in the UK. While the Board considers that it is appropriate to retain the majority of the usual features of a US corporation, the Board intends to take certain actions to conform to UK standard practice. Paragraph 18 of Part 5 of this document is a description of the principal differences and, where appropriate, provisions contained in the Company's constitutional documents to incorporate English law principles in relation to pre-emption rights, notifiable interests and takeovers.

20. TAXATION

Information regarding taxation is set out in paragraph 16 of Part 5 of this document. This information is intended only as a general guide to the current tax position in the UK. **Any investor who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK, should consult his or her own independent professional adviser without delay.**

21. UK CITY CODE ON TAKEOVERS AND MERGERS

The Company is not subject to the UK Takeover Code because its registered office and its place of central management and control are outside the UK, the Channel Islands and the Isle of Man. As a result, certain protections that are afforded to Shareholders under the UK Takeover Code, for example in relation to a takeover of a company or certain stakebuilding activities by Shareholders, do not apply to the Company. However, the Company has inserted certain provisions into the Certificate of Incorporation which adopt similar procedures to the UK Takeover Code in respect of Rule 9 but there is no assurance that the courts of the State of Delaware, US, will uphold or allow the enforcement of these provisions. Further details relating to these provisions are set out at paragraph 18 of Part 5 of this document.

Rule 9 of the UK Takeover Code is designed to prevent the acquisition or consolidation of control of a company subject to the UK Takeover Code without a general offer being made to all Shareholders. Rule 9 states that, when any person or group of persons acting in concert acquires (whether by one transaction or a series of transactions) an interest in shares which carry 30% or more of the voting rights of the company, such person or persons acting in concert must normally make a general offer for the balance of the issued share capital of such company. Rule 9 also states that any person or group of persons acting in concert that is interested in shares which in aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights must normally make a general offer for the balance of the issued share capital should there be any increase in the percentage of the shares carrying voting rights in which they or any person acting in concert with them are interested.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company during the 12 months prior to the announcement of the offer.

22. ADDITIONAL INFORMATION

Prospective investors should read the whole of this document, which provides additional information on the Company, the Placing and Admission and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part 2 of this document which contains a summary of the risk factors relating to an investment in the Company.

PART 2

RISK FACTORS

AN INVESTMENT IN COMMON SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT THE GROUP IS SUBJECT TO A VARIETY OF RISKS WHICH, IF ANY WERE TO OCCUR, COULD HAVE A MATERIALLY ADVERSE EFFECT ON THE GROUP'S BUSINESS AND/OR FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN SUCH CASE, THE MARKET PRICE OF THE COMMON SHARES COULD DECLINE AND INVESTORS MIGHT LOSE SOME OR ALL OF THEIR INVESTMENT.

In addition to the information set out in the rest of this document, the following risk factors in this Part 2 should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. Additionally, there may be risks not mentioned in this document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Common Shares. In particular, the Group's performance may be affected by changes in the market or economic conditions and by legal, regulatory and tax requirements.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located.

1. GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. The investment opportunity offered in this document may not be suitable for all recipients of this document.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial and technological objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to future trends.

2. RISKS RELATING TO THE BOKU GROUP AND THE BUSINESS

The Company's contracts with certain significant customers may be terminated at short notice by such customers

Contracts with certain significant customers of the Company could be terminated on short notice and in certain cases, the customers can exercise that right without cause. Major customers who rely exclusively on the Company for carrier billing solutions could introduce a second vendor to handle some or all of its carrier billing transactions. Major customers may also decide to connect directly with carriers or publish an API that enables simpler, automated carrier interconnection, obviating the need to contract with the Company. All such cases could have a material adverse effect on the Company's financial results.

The Company is dependent on third parties, principally mobile telephone network operators, within all the countries in which it may operate its services in the future

The Boku product offering is dependent on contracting with mobile carriers and aggregators. While the Directors are not presently aware of any reason likely to lead to such termination, there can be no guarantee that such termination will not occur in the future. Such termination could have a material adverse effect upon the Company's ability to offer services to customers and therefore on the Company's financial results.

Potential competition

The Company faces competition for its technology and products from other providers of direct carrier billing and alternative payment providers. The results of such increased competition may have a material adverse effect on the Company's financial results.

Some of the Company's alternative payment provider competitors may have significantly greater financial and human resources and may have more experience in development and commercialisation of their technology and products. As a result, the Company's competitors may develop safer or more effective products, implement more effective sales and marketing programs or be able to establish superior proprietary positions.

Some carriers have developed direct, contractual relationships with merchants and have therefore obviated the need to contract with the Company to provide carrier billing services. Such carriers are therefore in competition with the Company.

In addition, the Company anticipates that it will face increased competition in the future as new companies enter the Company's markets and alternative products and technologies become available. The results of such increased competition may have a material adverse effect on the Company's reputation, business, prospects, results of operation and financial condition.

The Group may be unable to anticipate and keep pace with the rapidly evolving market requirements, technology trends and regulatory requirements applicable to its clients, which could harm the Group's operating results

The Group operates in an industry which is subject to continuous and fast-paced technological change, with new products and services being introduced to the market frequently and existing payment solutions and services becoming outdated or obsolete at an increasing rate. If the Group is unable to respond to such changes in a cost-effective manner, the Group may become less marketable and less competitive or perceived to be obsolete and the Group's operating results may be adversely affected.

Therefore, the Group's success depends, in part, on its ability to anticipate these changes effectively and to develop its direct carrier billing offering in line with changing client demands and market preferences, as well as to adapt to changes in hardware, software, networking, browser and database technologies. The Group may be required to invest significant time and resources to develop or establish the necessary expertise and experience to sell and deliver new solutions to its clients effectively and there can be no assurance that any new investment would ultimately prove successful. Such investments carry the risks associated with any new development effort, including cost overruns, delays in delivery, performance issues and the risk that clients may be reluctant to adopt new solutions without seeing reference use cases. Further, to the extent that clients focus on new products and services, client demand for ongoing upgrading and refreshing of existing payment platform systems may decline significantly, which may result in a reduction in the Group's revenue from existing clients.

Failure to adapt in response to changes in client demand and preferences or to keep pace with relevant technological or regulatory change could limit the Group's ability to serve its clients effectively and restrict the Group's ability to execute its growth strategy, which could lead to a reduction in clients and have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may experience software defects, development delays or implementation difficulties, which could harm the Group's reputation and expose the Group to potential liability

The systems behind the Boku platform (including Boku Acquire, Boku Checkout and Boku Account, and open source software components used in the platform) are complex and may contain errors or defects that the Group has not been able to detect until after their commercial release and deployment. This could adversely affect the performance of the platform and negatively impact the Group's relationship with its clients and accordingly its reputation. This could occur when developing a new component or service on the platform or when developing a new version or enhancement of the existing platform. Errors or defects may not become apparent until the platform is used with a specific combination of settings not previously tested. The detection and subsequent correction of any errors, defects or outages may be expensive and time consuming and may exceed the amount of maintenance revenue received from affected clients. It may not always be possible to meet the expectations of clients regarding the timeliness and the quality of the problem resolution process. In a worst-case scenario, it might not be possible to wholly rectify certain defects with the potential to affect all of the Group's clients.

Although to date the Group has not experienced one, a significant defect or error in the Group's platform or sustained outage of the Group's systems (including its internet service connectivity) could result in adverse client reactions, contract liability and negative publicity, as the Group's clients and potential clients are highly sensitive to defects in the platform they use. Any negative publicity could hinder the successful marketing of the platform and thus reduce demand. A significant outage, defect or error in new versions or enhancements of the Group's existing carrier billing platform could result in reputational damage, the loss of new or existing business, reduced revenue, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Failure by the Group to maintain sufficient levels of operational support could have a material adverse effect on the Group's financial condition, operating results and prospects

Once a customer uses the Group's carrier commerce platform, they depend on the Group's technical support services to resolve any issues relating to the services delivered through the Group's platform. If the Group does not effectively and quickly resolve post-deployment issues, or provide effective ongoing support, the Group's ability to sell additional platform modules and services to existing customers would be adversely affected and the Group's reputation with potential customers could be damaged.

The Group's failure to provide and maintain high quality support services, especially as the Group's business grows, could lead to a reduction in customers and ultimately have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Data breach

The Company has, wherever possible, designed its systems and platform to prevent compromise of data but should systems or the platform be compromised and sensitive information stolen and or compromised it would have a material adverse impact on the Company's business, and reputation, prospects, results of operation and financial condition.

The Group may be affected by the changes to the regulatory and legislative environment

In addition to changes in the law which affects its own position and ability to offer services, the Company may be affected by changes in the law or regulatory framework that prohibit the provision of services by some of its suppliers or customers within certain jurisdictions.

The Group's business could also be adversely affected by:

- an increase in "know-your-customer" regulations aimed at money laundering and affecting small Content Providers;
- increases in regulation particularly in the European Community or the US concerning the issuance of emoney;
- a requirement of compliance with the US Patriot Act or equivalent legislation in other countries;
- changes in tax legislation or in the application of tax legislation by relevant tax authorities; and
- increasing restrictions on age verification in respect of certain types of content.

Any of the foregoing legislative changes may have a material adverse effect on the Company's results of operation and financial condition.

The Company may inadvertently infringe the intellectual property of third parties for which it could be liable

Whilst the Group will take such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of third parties bringing claims against the Company for infringement of its intellectual property rights. Any such litigation or dispute brought in the future involving the Group's products may have a material adverse effect on the Group's business.

Claimants in any such litigation or dispute proceedings may be able to devote substantially greater financial resources to any such proceedings. Any such litigation or dispute, whether or not determined in the Group's favour or settled by the Group, may be costly and divert the efforts and attention of the Company's management team from normal business operations. It is also possible that the Company may be unable to develop alternative products or technologies in a timely manner to maintain the viability of the business. Any such litigation or dispute brought in the future could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

Failure to attract and retain skilled technical employees and senior management personnel could harm the Group's ability to grow

The Group's future success depends, in part, on the ability and experience of members of its senior management, client-facing employees and technical experts focussed on the development of the Group's billing platform as well as the Group's ability to continue to attract, adequately compensate and retain such personnel.

Such success also depends on the continued services and continuing contributions of the Group's senior management to execute on its business plan and to identify and pursue new opportunities and product innovations, as well as to maintain the Group's culture and values despite geographical expansion and growth in employee numbers. Competition for suitably qualified individuals with the relevant technical expertise in the Group's industry is intense, and the Group may not recognise or respond adequately to market dynamics in order to retain or recruit key staff. Furthermore, any necessary increases in employee compensation could have an adverse effect on the Group's margins. Also, to the extent the Group hires personnel from competitors, it may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, or that their former employers own their inventions or other work product.

If the Group is unable to identify, attract, develop, motivate, adequately compensate and retain well-qualified and engaged personnel, or if existing highly skilled and specialised personnel leave the Group and ready successors or adequate replacements are not available, the Group may not be able to manage its operations effectively. This could cause the Group to suffer delays in new product development or software implementations or otherwise fail to satisfy clients' demands, which could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and/or prospects.

Lack of employee mobility could harm the Group's ability to grow

The Group may encounter difficulties recruiting and deploying employees to certain locations where the Group is currently operating or looking to expand. In particular, the Group may have difficulties transferring and retaining the key personnel and/or technical experts needed to continue the Group's expansion into new markets, including Japan, Taiwan and the US. Although the Group utilises flexible working with its employees, and to date has not experienced a material inability to train and deploy sufficiently expert employees to service its implementations in those jurisdictions, there can be no assurance that, either through difficulties in obtaining visas (including, for example, satisfying the US visa requirements such as being an employee of the Group for at least one year prior to the award of the visa), or other practical considerations, including a lack of employees currently willing and able to relocate, the Group will be able to service all the opportunities available in the those markets going forward. In addition, although there is still much uncertainty around the UK's anticipated withdrawal from the European Union, it may lead to similar difficulties in obtaining UK visas or European visas for key personnel and/or technical experts needed to maintain the Group's operations in the UK, Germany or other European countries or to service opportunities there (*see "The United Kingdom's anticipated withdrawal from the European Union could adversely affect the Group")*. Any inability to service client projects as and when the need arises in various locations could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The United Kingdom's anticipated withdrawal from the European Union could adversely affect the Group, including utilisation of the passport regime

In the year ended 31 December 2016, 22% of the Group's revenue was generated from clients in the UK. In addition, on 31 December 2016, the Group had 21 employees located in the UK. On 23 June 2016, a majority of UK voters voted in favour of the UK's exit from the EU (commonly referred to as ''Brexit'') in a national referendum, and on 29 March 2017, the UK government triggered Article 50 of the Treaty on European Union, which initiated the withdrawal procedure and set the UK on track to exit the EU by no later than April 2019.

Brexit has created significant political, social and macroeconomic uncertainty for the UK and Europe and the long-term effects of Brexit on the Group and its clients will depend on any agreements the UK makes to retain access to EU markets. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Regulatory regimes applicable to the Group that may be affected by Brexit include rules regarding the transfer of data outside of the EU, certain employment regulations and regulations regarding IP rights, e-money and taxation.

Currently, the EU passporting regime enables authorised businesses providing certain financial products or services in any EEA state to conduct business in other EEA states without needing to obtain local authorisation. Under the passporting regime, the Group is able to trade in various EEA states by virtue of being authorised by competent authorities in the UK. However, passporting rights are a feature of EU membership and it is uncertain whether the UK will retain such rights when it withdraws from the EU in March 2019. If the UK leaves the EU without retaining membership of the EEA and with no agreement to allow passporting, UK subsidiaries of the Group would be unable to provide the Group's products and services directly to EEA customers in other EEA states without obtaining a licence or authorisation in another EEA state, which it would then be able to passport under EU rules. This could result in the Group suffering from a reduction in access to other EEA markets and/or bearing the cost of relocating UK authorised payment services to another EU country. It is not known how these legislative measures will continue to apply to the UK after it has left the EU, but a withdrawal from the EEA without an agreement allowing passporting could have a material adverse effect on the business, financial position, results of operations and future growth prospects of the Group.

Any changes to the aforementioned or other regulatory regimes could require the Group to comply with separate regimes in the UK and the EU, or to develop new policies and procedures or reorganise its operations, any of which could increase the Group's compliance costs. The Brexit vote was followed by a significant decrease in the value of pounds sterling against the US dollar. Brexit has also led to general volatility in the currency exchange market and uncertainty in the European financial markets, either of which may lead European financial institutions, including those headquartered in the UK, to delay making significant investments in billing platforms until the uncertainty resolves. Any of the aforementioned possible effects of Brexit, and others that the Group cannot anticipate, could materially adversely affect the Group's business, results of operations, financial condition and/or prospects.

Failure of suppliers to pay receivables when due

The Company is reliant on third parties, including MNOs and SMS aggregators to pay the significant receivables due from them in a timely manner as specified under contract. A large scale failure to do so would have a material adverse effect on the Company's business, financial condition or operating results. This risk is particularly notable where the Company has contracted with merchants who operate in the gambling industry (which accounts for a small portion of Boku's business (less than 1% of TPV)). Although contracted UK merchants are regulated via the Gambling Commission and limits are imposed by the Phone-paid Services Authority on a consumer's spend, failure to pay by the end-user could increase the level of Carrier bad debt. Certain MNO contracts give the operator extensive rights to chargeback transactions for bad debt. While most merchant contracts also allow the Company to pass such bad debt on, a risk exists that the merchant may not be able to cover such losses, resulting in the Company incurring a loss.

The Group may have exposure to greater than anticipated tax liabilities

Determining the Company's provision for corporation and other tax liabilities and the application and calculation of tax exemptions requires significant judgment and there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Directors believe that the Company's estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in the Company's financial statements and may materially affect the Company's financial results in the period or periods for which such determination is made.

Change to the taxation regime

The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Company, may change during the life of the Company.

Any change in the Company's tax status or in taxation legislation in any jurisdiction in which the Company operates could affect the Company's financial condition and results and its ability (if any) to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Common Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Investors should consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined, their personal circumstances and the financial resources available to them.

The Company's operations and profitability may be affected by movements in foreign currency exchange rates

A proportion of the Company's revenues are and will be derived outside of the UK and so fluctuations in currency exchange rates (including both transaction and conversion risks) may adversely affect the financial condition of the Company.

History of losses and ability to become profitable in the future

Historically, the Group has consistently made losses. Whilst the Group is on course to make profits there can be no guarantee that this will be the case. The Group may not achieve sufficient revenue to attain and maintain profitability. Any failure to achieve or sustain profitability on a consistent basis could cause the Group to remain loss-making and may require additional funding in the future. This may have an adverse effect on the Group's reputation, business, prospects and results of operation.

Force majeure

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

General economic climate

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and share market prices. These may adversely affect the Company's operations, business and profitability.

The Group may be unable adequately to protect its intellectual property proprietary rights and prevent others from making unauthorised use of its technology

The success of the Group's business depends on its ability to protect and enforce its trademarks, patents and other intellectual property rights. The Group attempts to protect its intellectual property under trademark and patent and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offer only limited protection. The Group generally enters into confidentiality, invention assignment or licence agreements with employees, consultants and clients, and generally limits access to distribution of its proprietary information. However, the Group cannot guarantee that it has entered into such agreements with all parties who may have or have had access to confidential information or that the agreements entered into will not be breached. Despite the Group's best efforts to protect its intellectual property rights, unauthorised parties may not be deterred or prevented from misuse, theft or misappropriation of information the Group regards as proprietary.

Moreover, policing unauthorised use of the Group's intellectual property is difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the UK and where mechanisms for enforcement of intellectual property rights may be weaker. Attempts to enforce the Group's rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against the Group, or take unilateral steps to invalidate the Group's intellectual property rights, which could result in a holding or official action that invalidates or narrows the scope of its rights, in whole or in part. If the Group is unable to protect its proprietary rights, it may be at a competitive disadvantage compared to others who need not incur the additional expense, time, and effort required to create the payments platform that has enabled the Group to be successful to date. Any of these events could materially adversely affect the Group's business, results of operations, financial condition and/or prospects.

Security breaches, computer malware or other "cyber-attacks" could harm the Group's business by disrupting the operation of the Group's payment platform (or particular features, modules or services) and damaging the Group's reputation

Any unauthorised intrusion, malicious software infiltration, network disruption, denial of service or similar act by a malevolent party could disrupt the integrity, continuity, security and trust of the Group's payments platform or the systems of the Group's clients. These security risks could create costly litigation, significant financial liability, increased regulatory scrutiny, financial sanctions and a loss of confidence in the Group's ability to serve clients and cause current or potential clients to choose another carrier billing solution, any of which could have a material adverse impact on the Group's business.

In addition, as these threats continue to evolve, the Group is required to continue investing significant resources to continuously modify and enhance the Group's information security and controls or to investigate and remediate any security vulnerabilities. Although the Group believes that it maintains a robust programme of information security and controls and none of the threats that the Group has encountered to date have materially impacted the Group, it may not be able to prevent a material event in the future or to promptly and effectively remedy a material event, and the impact of such an event could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Some of the contractual arrangements between the Group and carriers are terminable on short notice and certain contracts with third parties expose the Group to uncapped indemnities

Certain agreements entered into between the Group and carriers (including Vodafone UK, T-Mobile, Telefonica UK (O2) and SwissCom) may be terminated by the carrier on short notice without cause (notably Vodafone UK which can terminate on ten business days' notice without cause) or otherwise come to an end without renewal. The termination of one or multiple arrangements with the Group's carrier partners could have a negative impact on the financial performance of the Group. This risk is particularly notable in relation to the carriers mentioned above, which (apart from Vodafone UK) each account for over 5% of the Group's revenue.

This is also true of certain contracts entered into between the Group and merchants (including Facebook, Riot, Spotify and Sony), each of which generate substantial revenue for the Group. The Facebook agreement can be terminated without cause on Facebook giving the Group 30 days' notice.

Furthermore, certain contracts contain onerous indemnities which expose the Group to several uncapped liabilities in the event that claims are made by the relevant parties in certain circumstances. Some of the indemnities are given in relation to any breach of contract committed by the Group, regardless of how immaterial this may be. Furthermore, other indemnities given by the Group relate to the actions of third parties outside of the control of the Group (for example, there are obligations on the Group to ensure its merchants comply with, among other things, Payforit scheme rules, data protection regulations and network security). In certain cases, the Group does not have back-to-back indemnities in place with the relevant merchants leaving the Group without the ability to recover such losses from the merchants under the merchant agreements. A high value claim or a number of smaller claims brought under one or more of these indemnities could have a material adverse effect on the Group's financial condition.

3. RISKS RELATING TO THE COMPANY'S SECURITIES

General

An investment in Common Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in Common Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets as part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in

Common Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Conditionality of the Placing

The Placing is conditional upon, among other things, the admission to trading on AIM of the Common Shares. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, then such Admission will not occur.

No prior market for the Common Shares

Before Admission, there has been no prior market for the Common Shares. Although application has been made for the Common Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

AIM is a market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List and other exchanges. The future success of AIM and liquidity in the market for the Common Shares cannot be guaranteed.

Share price volatility and liquidity

Following Admission, the market price of the Common Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Common Shares irrespective of the Group's actual financial, trading or operational performance. These factors could include the performance of the Group, large purchases or sales of the Common Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in the Lock-in Agreements), legislative changes and market, economic, political or regulatory conditions.

The share price for publicly traded companies, including those on AIM, can be highly volatile and shareholdings illiquid. Admission to AIM should not be taken as implying that a liquid market for the Common Shares will either develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Common Shares does not develop, the price of the Common Share may become more volatile and it may be more difficult to complete a buy or sell order for such Common Shares.

The price at which the Common Shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include, but not limited to, the performance of both the Company's and its competitors' businesses, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, large purchases or sales of Common Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Company may go down as well as up. Investors may therefore realise less than, or lose all of, their investment.

The market price of the Common Shares may not reflect the underlying value of the Company. Potential investors should be aware that the value of shares and the income from them (if any) can go down as well as up and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than a share quoted on the Official List of the UK Listing Authority ("**Official List**").

Substantial sales of Common Shares

The locked-in Directors and Shareholders have agreed to certain restrictions on the sale of their shareholdings for periods of up to 12 months from the date of Admission and an orderly market arrangement for a period of six months from the expiry of the Lock-in Period. There can be no assurance that certain Directors or other Shareholders will not elect to sell their Common Shares following the expiry of the Lock-in Agreements and similar arrangements, details of which are set out in paragraph 19.4 of Part 5 of this document, or otherwise. In addition, the Company cannot be sure when sales by such holders will occur, how many shares will be sold or the effect that sales may have on the market price of the Common Shares. The market price of Common Shares could decline as a result of any such sales of Common Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Common Shares at a time or at a price it deems appropriate.

Investment in AIM traded securities

The Common Shares will be traded on AIM rather than admitted to the Official List. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should, therefore, be aware that the market price of the Common Shares may be more volatile than that of shares admitted to the Official List and may not reflect the underlying value of the net assets of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

There is no guarantee that the Company will maintain its listing on AIM

The Company cannot assure investors that the Company will always retain a listing on AIM. If it fails to retain such a listing, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Common Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition to AIM, the level of liquidity of the Common Shares traded on AIM could decline.

Dilution of Shareholders' interest as a result of additional equity fundraisings

Although the Company's business plan does not involve the issuance of Common Shares other than in connection with the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Common Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Common Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Common Shares and could dilute the proportionate ownership interest and the proportionate voting interest of Shareholders if, and to the extent that, such an issue of Common Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Common Shares under a pre-emptive offer. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, Options and pre-emption rights senior to the Common Shares.

Dividends

The Company's current policy is to retain future distributable profits and only recommend dividends when appropriate and practicable. There can be no assurance as to the level of future dividends (if any) that may be paid by the Company or, in light of the accrued losses of the Group, of the ability to pay dividends. Any determination to pay dividends in the future will be a decision for the Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the Board deems relevant).

4. RISKS RELATING TO THE EXCLUSIVE JURISDICTION IN THE STATE OF DELAWARE

Enforcement of judgments

The Company is incorporated under the laws of the State of Delaware and its assets are primarily located in the US. There is no convention or treaty between the US and the UK governing the recognition and enforcement of judgments. A US judgment cannot be automatically enforced in the UK or a UK judgment in the US. The only way to enforce a US judgment in the UK is to treat the US judgment as a debt and make a claim in court. A UK judgment may be enforced against a US company in the UK, provided the US company has assets in the UK.

Restrictions on transfer under the US Securities Act

The Common Shares have not been, and will not be, registered under the US Securities Act or qualified under applicable US state securities laws. The Placing Shares are being offered only to non-US Persons outside the US in transactions exempt from, or not subject to, the registration requirements of the US Securities Act in reliance on Regulation S and otherwise in transactions that are exempt from the registration requirements set out under the US Securities Act and applicable US state securities laws. Accordingly, the Common Shares are a "restricted security" as defined in Rule 144 under the US Securities Act. The Common Shares may not be offered sold or delivered in the US or to, or for the account or benefit of, any US Person, unless the transfer is registered under the US Securities Act or an exemption from the registration requirements is available, including a transaction specified by Regulation S. Only the Company is entitled to register the Common Shares under the US Securities Act, and the Company has no obligation to do so.

The Company can give no assurances that an exemption from registration or qualification will be available for any resales or transfers of Placing Shares. In addition, the Placing Shares offered to non-US Persons in the Placing is subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Placing Shares. All Placing Shares are subject to these restrictions until at least the expiry the Distribution Compliance Period. These restrictions may remain in place or be reintroduced following the expiry of the Distribution Compliance Period, at the discretion of the Company. The Common Shares will bear a legend describing restrictions on transfer to US Persons and prohibiting hedging transactions in the Common Shares unless in compliance with the US Securities Act. Each subscriber for Common Shares, by subscribing for such Common Shares, agrees to reoffer or resell the Common Shares only pursuant to registration under the US Securities Act and qualification under applicable US state securities laws or in accordance with the provisions of Regulation S or pursuant to another available exemption from registration, and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the US Securities Act and applicable US state securities laws. Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares (represented by the Depositary Interests). If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected.

Furthermore, Common Shares held by "Affiliates" (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the restrictions are no longer applicable. The above restrictions may severely restrict purchasers of Common Shares from reselling the Common Shares. The Common Shares will not be admitted for trading on any US securities exchange in connection with the Placing. For further information regarding the significant restrictions on transfer applicable to the Common Shares, please see Part 6 of this document.

SEC review of the new Euroclear electronic settlement procedures for securities offered and sold pursuant to Category 3 of Regulation S

Following Admission, holders of Placing Shares may choose to convert the Common Shares into Depositary Interests for the purpose of secondary trading on the CREST automated book entry system managed and operated by Euroclear UK & Ireland. Because the Company is a US "domestic issuer" under the US Securities Act, the Placing Shares qualify as Category 3 securities under Rule 903 of Regulation S under the US Securities Act. Category 3 securities are subject to strict transfer restrictions (the "**Transfer Restrictions**") and must bear certain legends so that counterparties in the secondary market for the Placing Shares can determine whether any particular offer and resale complies with the resale safe harbour under Regulation S (see Part 6 of this document). Pursuant to EU regulatory requirements regarding the clearance and settlement of securities traded on regulated markets, Euroclear UK & Ireland has recently established procedures designed to facilitate the trading of dematerialised Category 3 securities in accordance with the Transfer Restrictions applicable to resales of such securities (the "**Procedures**"). To the knowledge of the Directors, the commissioners and staff of the Securities and Exchange Commission (the "**SEC**") have thus far declined requests to express any view, and have not in fact expressed any view, on the sufficiency of the Procedures for the purpose of complying with the Transfer Restrictions. The SEC may determine the Procedures to be insufficient for the purpose of complying with the Transfer Restrictions. If this were to occur, the SEC could make a determination that the Company did not comply with the requirements of Regulation S. Although the outcome of such a determination is difficult to predict, the secondary market in the Common Shares could be adversely affected. The Company may be required to register the Common Shares with the SEC, which would entail significant expense to the Company and a significant amount of time on behalf of the Directors and senior managers. Furthermore, the Company and the Directors could also be subject to criminal, civil or administrative proceedings.

Shareholders outside the United Kingdom may not be able to participate in future equity offerings

Securities laws of certain jurisdictions, including US federal and state securities laws, may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the US may not be entitled to exercise these rights unless either the rights and Common Shares are registered under the US Securities Act and qualified under applicable US state securities laws, or the rights and Common Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and the qualification requirements of applicable US state securities laws. Any Shareholder who is unable to participate in future equity offerings will suffer dilution.

Application of United Kingdom and United States legislation

The Company is incorporated under the laws of the State of Delaware, US. Accordingly, a significant amount of the legislation in England and Wales regulating the operation of companies does not apply to the Company. In addition, the laws of the State of Delaware will apply in respect to the Company and these laws may provide for mechanisms and procedures that would not otherwise apply to companies incorporated in England and Wales. The rights of Shareholders are governed by Delaware law and by the Company's Certificate of Incorporation and Bylaws, which may differ from the typical rights of Shareholders in the UK and other jurisdictions.

Takeover regulations

The Company is incorporated in and subject to the laws of the State of Delaware, US. Accordingly, the Company and transactions in its Common Shares are not subject to the provisions of the UK Takeover Code. Certain provisions of the Company's Certificate of Incorporation adopt similar procedures to the UK Takeover Code in the event of any party (or parties acting in concert) obtaining 30% or more of the issued Common Shares of the Company, but there is no assurance that the courts of the State of Delaware, US will uphold or allow the enforcement of these provisions. Further details regarding the Company's mandatory bid conditions contained in its Certificate of Incorporation are set out in paragraph 9.16 of Part 5 of this document.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company is, or may be, exposed to or all those associated with an investment in the Company. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Company.

PART 3

FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT

BDO LLP
55 Baker Street
London
W1U 7EU

14 November 2017

The Directors
Boku, Inc.
735 Battery Street
2nd Floor
San Francisco
94111
USA

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Dear Sirs

Boku, Inc. (the "Company") and its subsidiary undertakings (together, the "Group")

Introduction

We report on the financial information set out in Section B of Part 3. This financial information has been prepared for inclusion in the admission document dated 14 November 2017 of the Company (the "Admission Document") on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2014, 31 December 2015 and 31 December 2016 and of its results, cash flows and changes in equity for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

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

SECTION B – HISTORICAL FINANCIAL INFORMATION

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000	Year ended 31 December 2016 $'000
Revenue	4	18,335	19,195	17,193
Cost of sales		(4,115)	(4,021)	(2,773)
Gross profit		14,220	15,174	14,420
Administrative expenses	5	(28,628)	(31,336)	(34,333)
Operating loss analysed as:				
Adjusted EBITDA*		(9,621)	(11,360)	(12,274)
Depreciation and amortisation		(917)	(2,946)	(3,155)
Share-based payment		(1,742)	(1,755)	(2,096)
Foreign exchange gains/(losses)		(1,231)	222	(230)
Exceptional items	5	(897)	(323)	(2,158)
Operating loss	5	(14,408)	(16,162)	(19,913)
Finance income	7	26	36	17
Finance expense	7	(626)	(452)	(1,243)
Loss before tax		(15,008)	(16,578)	(21,139)
Tax (expense)/credit	8	(359)	(420)	542
Loss for the period attributable to equity holders of the parent company		(15,367)	(16,998)	(20,597)
Other comprehensive income/(losses) net of tax				
Items that will or may be reclassified to profit or loss				
Foreign currency translation gain/(loss)		(1,283)	(2,283)	15
Net increase/(decrease) in fair value of cash flow hedge derivatives		310	(134)	(20)
Total comprehensive loss for the period		(973)	(2,417)	(5)
Total comprehensive loss for the period attributable to equity holders of the parent company		(16,340)	(19,415)	(20,602)
Loss per share for loss attributable to the owners of the parent during the year				
Basic and diluted ($)	9	(0.72)	(0.62)	(0.75)

* Earnings before interest, tax, depreciation, amortisation, share-based payment, foreign exchange gains/(losses) and exceptional items.

Management has assessed this performance measure as relevant for the user of the accounts.

Consolidated statement of financial position

	Note	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Non-current assets				
Property, plant and equipment	10	208	681	515
Intangible assets	11	32,485	30,141	25,661
Other receivables	13	5	—	—
Deferred income tax assets	8	—	—	647
Total non-current assets		32,698	30,822	26,823
Current assets				
Trade and other receivables	14	59,735	43,331	37,101
Derivative financial instrument	16	167	34	14
Cash and cash equivalents	15	12,004	8,979	11,322
Restricted cash	15	569	610	480
Total current assets		72,475	52,954	48,917
Total assets		105,173	83,776	75,740
Current liabilities				
Trade and other payables	17	64,645	60,350	54,891
Loans and borrowings	18	5,000	5,104	6,117
Total current liabilities		69,645	65,454	61,008
Non-current liabilities				
Trade and other payables	17	—	74	86
Loans and borrowings	18	—	242	15,088
Total non-current liabilities		—	316	15,174
Total liabilities		69,645	65,770	76,182
Net assets/(net liabilities)		35,528	18,006	(442)
Equity attributable to equity holders of the company				
Share capital	19	15	15	15
Share premium		115,268	117,161	119,315
Cash flow hedging reserve		168	34	14
Foreign exchange reserve		(929)	(3,212)	(3,197)
Retained losses		(78,994)	(95,992)	(116,589)
Total equity		35,528	18,006	(442)

Consolidated statement of changes in equity

	Share capital $'000	Share premium $'000	Cash flow hedging reserve $'000	Foreign exchange reserve $'000	Retained losses $'000	Total $'000
Equity as at 1 January 2014	12	90,833	(142)	354	(63,627)	27,430
Loss for the year	—	—	—	—	(15,367)	(15,367)
Other comprehensive income/(losses)	—	—	310	(1,283)	—	(973)
Issue of 18,958 shares of Series D-2 Preferred Shares in connection with business acquisition	2	18,440	—	—	—	18,442
Issue of 7,332 Common Shares in connection with business acquisition	1	4,032	—	—	—	4,033
Issue of share capital upon exercise of 376 share options	—	221	—	—	—	221
Share-based payment[1]	—	1,742	—	—	—	1,742
Equity as at 31 December 2014	15	115,268	168	(929)	(78,994)	35,528
Loss for the year	—	—	—	—	(16,998)	(16,998)
Other comprehensive losses	—	—	(134)	(2,283)	—	(2,417)
Issue of share capital upon exercise of 443 share options	—	138	—	—	—	138
Share-based payment[1]	—	1,755	—	—	—	1,755
Equity as at 31 December 2015	15	117,161	34	(3,212)	(95,992)	18,006
Loss for the year	—	—	—	—	(20,597)	(20,597)
Other comprehensive income/(losses)	—	—	(20)	15	—	(5)
Issue of share capital upon exercise of 203 share options	—	74	—	—	—	74
shares repurchase	—	(16)	—	—	—	(16)
Share-based payment[1]	—	2,096	—	—	—	2,096
Equity as at 31 December 2016	15	119,315	14	(3,197)	(116,589)	(442)

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

Consolidated statement of cash flows

	Note	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000	Year ended 31 December 2016 $'000
Cash (used in)/generated from operations	24	(1,858)	1,341	(11,430)
Income taxes paid		(10)	(22)	(39)
Net cash (used in)/from operating activities		(1,868)	1,319	(11,469)
Investing activities				
Purchase of property, plant and equipment		(216)	(348)	(80)
Sale of property, plant and equipment		—	7	—
Purchase of software development		(882)	(3,208)	(1,403)
Restricted cash (net)		561	(41)	128
Interest received		26	36	17
Acquisition of subsidiaries, net of cash acquired		5,895	124	—
Sale of business lines		—	151	—
Net cash (used in)/from investing activities		5,384	(3,279)	(1,338)
Financing activities				
Payments to finance lease creditors		—	(54)	(104)
Proceeds from issuance of Convertible Notes payable		—	—	14,930
Issue of Common Shares		154	138	74
Interest paid		(363)	(351)	(366)
Proceeds from line of credit		1,000	—	1,000
Repurchase of Common Shares		—	—	(16)
Net cash from/(used in) financing activities		791	(267)	15,518
Net (decrease)/increase in cash and cash equivalents		4,307	(2,227)	2,711
Effect of foreign currency translation on cash and cash equivalent		(1,231)	(798)	(368)
Cash and cash equivalents at beginning of period		8,928	12,004	8,979
Cash and cash equivalents at end of period		12,004	8,979	11,322

Notes to the consolidated financial information

1. Corporate Information

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

Boku, Inc. is a company incorporated and domiciled in the United States of America. Its principal place of business is 2-6 Boundary Row, London, SE1 8HP, United Kingdom.

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

The Directors of Boku, Inc. are responsible for the financial information and contents of the AIM admission document in which it is included. This is the first financial information to be prepared by the Group under International Financial Reporting Standards ("**IRFS**").

2. Accounting policies

Accounting convention

The financial information has been prepared using the historical cost convention, as modified by the revaluation of certain derivative financial instruments, as stated in the accounting policies. These policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial information has been prepared in accordance with IFRS and IFRC Interpretations issued by the International Accounting Standards Board ("**IASB**"). This is the first time financial information for the Group has been prepared under IFRS.

Basis of preparation

The Group's date of transition to IFRS is 1 January 2014. The principals and requirements for first time adoption are set out in IFRS 1, as issued by the IASB. As permitted by IFRS 1, the Group has elected not to restate business combinations made prior to 1 January 2014.

The presentation currency of the financial information is US Dollars, rounded to the nearest thousands ($'000) unless otherwise indicated. The Company's functional currency is US Dollars.

Composition of the Group

A list of the subsidiary undertakings which, in the opinion of the Directors, principally affected the amounts of profit or loss and net assets of the Group is given in note 12 of the financial information.

Composition of the financial information

The consolidated financial information is drawn up in US dollars ("$" or "US$"), the functional currency of the Company and in accordance with IFRS accounting presentation, other than as noted under basis of preparation above. The level of rounding for the financial information is the nearest $'000. The financial information comprises:

- Consolidated statement of total comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the financial information

Going concern

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of this financial information.

The forecast contains certain assumptions about the performance of the business including growth in future revenue which are deemed high volume and low value in nature, the cost model and margins; and importantly the level of cash recovery from trading. Furthermore investment in winning customers, via marketing expenditure, remains an important function of the forecasts too, as does the Group obtaining additional funding through a placement of shares or source other funding. Collectively, all will provide working capital to cover both operating activities and the repayment of existing debt facilities. The directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial information.

Changes in accounting policies

As this is the first set of IFRS accounts being prepared, all relevant standards have been adopted for the first time. Under SIR 2000, the Group is required to adopt the relevant standards that would apply to the first set of IFRS accounts following the listing.

New standards, interpretations, and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in this financial information, will or may have an effect on the Group's future financial statements:

- IFRS 15 Revenue from Contracts with Customers, effective date 1 January 2018. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous standards: IAS 11 Construction Contracts, IAS18 Revenue and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The impact of this new standard on the Group is still being considered.

- IFRS 9 Financial Instruments, effective date 1 January 2018. IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting. The impact of this new standard on the Group is still being considered.

- IFRS 16 Leases, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. The impact of this new standard on the Group is still being considered.

Basis of consolidation

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

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

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

Foreign currency

The main functional currencies for the Company's subsidiaries are the United States Dollar, Euro and Great Britain Pound.

Foreign currency transactions and balances

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

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

iii) Share capital, share premium, brought forward earnings are translated using the exchange rates prevailing at the dates of the transactions.

Consolidation of foreign entities

On consolidation, results of the foreign entities are translated from the local functional currency to US$ using average exchange rates during the period. All assets and liabilities are translated from the local functional currency to US$ using the reporting period end exchange rates. These exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity.

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

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group provides a payment platform to facilitate the mobile payment processing of virtual goods and digital goods purchases and also provide a collection service for amounts due to the merchants.

The Group's revenue is principally its service fees. These fees are received or receivable:

1. when it acts as an agent between a merchant and MNOs or an aggregator (a middleman between the Group and the MNO). The service fee recognised is the difference between amounts collected from the MNOs or the aggregator and the amounts remitted to merchants; and
2. from larger virtual and digital merchants who receive the sale collections direct and pay a service fee to the Group.

Amounts collected on behalf of merchants

The Group recognises accrued income when mobile device users purchase virtual goods and digital goods through the Company's payment platform. Once the Group receives confirmation of payment information from the aggregator or the MNO, the Company reverses the accrued income and records the invoiced amount as a trade receivable. The period from when the mobile device user purchases the virtual goods and digital goods to when the Group receives payment from aggregators, or MNO, ranges from less than one month to six months or more. On receipt of this payment, the amount is paid to the merchant for the virtual goods or digital goods sold.

When an amount due to a merchant is still outstanding, the Group recognises and includes this as part of trade payable.

None of the amounts collected on behalf of merchants are recognised in the income statement.

Cost of sales

Cost of sales is primarily related to the costs incurred by the Group to authorise the transactions of mobile device customers with the associated MNOs.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the executive management team including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

The Board considers that the Group's provision of a payment platform for the payment processing of virtual goods and digital goods purchases constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget.

Retirement benefits: Defined contribution schemes

The Company has a 401(k) plan, a type of defined contribution scheme in United States in which all employees are eligible to participate after meeting eligibility requirements. Participants may elect to have a portion of their salary deferred and contributed to the scheme up to the limit allowed by applicable income tax regulations. The Company may make a profit sharing contribution at the discretion of the Board. The Company has not made a matching contribution to the scheme since inception to the year ended 31 December 2016.

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

Share-based payments

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

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

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

Intangible assets

(i) Goodwill

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

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

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

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

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

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

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. The cost of such intangible assets is their fair value at the acquisition date and comprises Group's tradenames, merchant relationships and developed technologies. All intangible assets acquired through business combination are amortised over their useful lives.

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

(iii) Research and development

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

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

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

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

(iv) Amortisation rates

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

Intangible asset	Useful economic life
Trade names	10 years
Merchant relationships	5 years
Developed technologies	1- 7 years
Domain names	5 years
Internally developed software	3 – 6.75 years

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

Property, plant and equipment

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Office equipment and furniture	3 – 6.5 years on cost
Computer equipment and software	3 – 5 years on cost
Leasehold improvement	6.5 years on cost

Cash and cash equivalents

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

Restricted cash

Restricted cash does not meet the definition of cash and cash equivalents and therefore is separately disclosed in the Group's statement of financial position and is not part of the cash and cash equivalents for cash flow purposes. This cash is restricted as to withdrawal or use under the terms of certain contractual agreements. The restricted cash primarily includes cash held in escrow to fund current liabilities, cash held in the form of a letter of credit to secure a lease agreement for the Company's San Francisco office facility, and a certificate of deposit held at a financial institution to collateralise Company credit cards.

Financial assets

On initial recognition, the Group classifies its financial assets as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate. The classification depends on the purpose for which the financial assets were acquired. At each reporting year end, the financial assets of the Group are all classified as loans and receivables.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables and accrued income), but also incorporate other types of contractual monetary assets.

They are initially recognised at fair value and measured subsequent to initial recognition at amortised cost using the effective interest rate method, less any impairment loss.

The Group's loans and receivables financial assets comprise trade receivables, accrued income, other receivables (excluding prepayments) and cash and cash equivalents.

Loans and receivables – impairment

A provision for impairment of trade and other receivables is recognised when there is objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flow of these assets.

Financial liabilities

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

At initial recognition,

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

Derivative financial instruments

Hedge accounting is applied to financial assets and liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective).
- The effectiveness of the hedge can be reliably measured.
- The hedge remains highly effective on each date tested.

Cash flow hedges

The Group from time to time enters into derivative financial instruments such as forward foreign exchange contracts to reduce the potential impact of decreases in the value of the US dollar on receipt payments from aggregator and MNO.

The effective part of the gain or loss of these forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from the above firm commitments is measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The ineffective portion of the gain or loss of these contracts is recognised in the Group's profit or loss.

The associated gains or losses that were recognised in other comprehensive income shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period during which the hedged forecast cash flows affect profit or loss.

The value of the forward contracts within one year is disclosed separately as derivatives under current assets or liabilities in the Group's statement of financial positions.

Convertible Notes

The Convertible Notes are considered to be hybrid financial instruments comprising a financial liability (loan) and an embedded derivative liability (share option). The number of shares to be issued will vary as it will be based on the Company's lowest share price at the conversion date. At the date of issue both elements were included in the balance sheet as liabilities and held at fair value. The fair value of the loan element was estimated using the prevailing market interest rate for similar non-convertible debt. Subsequently the Convertible Notes were accounted for as a financial liability at amortised cost.

On conversion of the Convertible Notes to equity, any difference between the nominal value of the equity issued and the conversion price is credited to the share premium account.

Fair value hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices, in active markets.
- Level 2: Fair Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

Share capital

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

Operating leases: lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease and is calculated on an effective interest rate basis. The capital part reduces the amounts payable to the lessor.

Deferred taxation

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

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

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

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

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

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

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

As set in the accounting policies above, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

(b) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(c) Taxation

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

3. Financial instruments – Risk Management

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

The Group is exposed to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

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

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

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 December 2016, 31 December 2015, 31 December 2014 and 1 January 2014.

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

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

Financial instruments by category

Financial assets	**31 December 2014 $'000**	**31 December 2015 $'000**	**31 December 2016 $'000**
Cash and cash equivalents	12,004	8,979	11,322
Restricted cash	569	610	480
Accounts receivables (net)	56,621	41,459	35,216
Other receivables	1,418	56	179
Note receivable from shareholder	793	793	793
Loans and receivables	71,405	55,897	47,990
Derivative financial assets designated as hedging instrument	167	34	14

Financial liabilities	**31 December 2014 $'000**	**31 December 2015 $'000**	**31 December 2016 $'000**
Trade payables	49,189	47,895	46,909
Other payables	—	95	—
Accruals	15,350	11,899	7,705
Trade and other payables	64,539	59,889	54,614
Bank loans (secured)	5,000	5,000	6,000
Finance lease payables	—	346	242
Convertible Notes	—	—	14,963
Loans and borrowings	5,000	5,346	21,205
Financial liabilities at amortised cost	69,539	65,235	75,819

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

a) Market risk

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

Interest rate risk

The Group is exposed to cash flow interest rate risk from bank borrowings at variable rates. The Group's bank borrowings and other borrowings are disclosed in note 18. The Group's exposure to interest rate risk on the finance leases is considered low as the outstanding balance at year end is not significant. The Group manages the interest rate risk centrally.

The following table demonstrates the sensitivity to a 1 percent change (lower/higher) to the interest rates of the following borrowings at 31 December 2016 to the profit before tax and net assets for the period:

	31 December 2014 Increase/ (decrease) of loss before tax and net assets $'000	**31 December 2015 Increase/ (decrease) of loss before tax and net assets $'000**	**31 December 2016 Increase/ (decrease) of loss before tax and net assets $'000**
Bank loans	+/-50	+/-50	+/-60

The Company's objective in using derivatives is to add stability to aggregator payments and to manage its exposure to foreign currency movements or other identified risks. To accomplish this objective, the Company primarily uses foreign currency forward contracts as part of its cash flow hedging strategy which is managed centrally. The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The company manages this risk through natural hedging and also forward contracts.

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

At 31 December, 2016, the Company had entered into 32 (2015: 125; 2014: 38) foreign currency forward contracts totalling a notional amount of $3,547,000 (2015: $5,846,000; 2014: $12,545,000). These swaps were used to hedge the variable cash flows predominantly associated with monthly Aggregator payments. All of the Company's hedges are designated as cash flow hedges.

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

31 December 2014	**GBP $'000**	**Euro $'000**	**Other currencies $'000**	**Total $'000**
Trade and other receivables	5,467	42,970	8,066	56,503
Cash and cash equivalents and restricted cash	1,263	7,730	1,648	10,641
Trade and other payables	(6,405)	(45,494)	(6,081)	(57,980)
Loans & borrowings	—	—	—	—
Financial assets/(liabilities)	325	5,206	3,633	9,164
10% impact – +/-	36	578	404	1,018

31 December 2015	GBP $'000	Euro $'000	Other currencies $'000	Total $'000
Trade and other receivables	7,228	24,402	8,288	39,918
Cash and cash equivalents and restricted cash	3,429	3,224	899	7,552
Trade and other payables	(12,860)	(23,293)	(9,727)	(45,880)
Loans & borrowings	—	—	—	—
Financial assets/(liabilities)	(2,203)	4,333	(540)	1,590
10% impact – +/-	(245)	481	(60)	177

31 December 2016	GBP $'000	Euro $'000	Other currencies $'000	Total $'000
Trade and other receivables	11,017	16,165	6,730	33,912
Cash and cash equivalents	721	4,324	1,284	6,329
Trade and other payables	(19,596)	(19,542)	(9,553)	(48,691)
Loans & borrowings	—	—	—	—
Financial assets/(liabilities)	(7,858)	947	(1,539)	(8,450)
10% impact – +/-	(873)	105	(171)	939

The impact of 10% movement in foreign exchange rate of US$ will result in an increase/decrease of loss after tax and financial assets/ (liabilities) by $939,000 for December 2016 (2015: $177,000; 2014: $1,018,000).

b) Credit risk

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

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

In order to minimise this credit risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The Company evaluates the collectability of its accounts receivable and provides an allowance for potential credit losses as necessary. The Company has factored accounts receivable as a means of financing and at 31 December 2016, 5% of the Company's accounts receivable were factored (2015: 2%; 2014: 3%). The Group can draw down to a maximum of 85% of the trade receivables and paid factoring, collection fee and interest on the drawdown. The Group is not committed to underwrite any of the debts transferred and therefore continues to de-recognise the debts sold within trade receivables as the debts would have been settled, following receipts of proceeds from factoring company.

At 31 December, 2016, 44% (2015: 26%) of accrued income was from two aggregators; also 45% (2015: 28% from one aggregator) of trade receivables was from two aggregators. In 2014: 10% of accrued income was from one aggregator and 13% of trade receivables was from one aggregator.

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

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. At times, domestic deposits may be in excess of the amount of insurance provided on such deposits. At 31 December, 2016, cash and cash equivalents of $2,766,000 held in foreign institutions are not insured (2015: $6,143,000; 2014: $7,861,000). The maximum exposure is the amount of the deposit. To date, the Company has not experienced any losses on its cash and cash equivalent deposits.

c) Liquidity risk

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

31 December 2014	**Within 1 year $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
Trade and other payables and accruals	64,539	—	—	—
Bank loans (secured)	5,056	—	—	—
Finance leases	—	—	—	—
Total	69,595	—	—	—

31 December 2015	**Within 1 year $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
Trade and other payables and accruals	59,888	—	—	—
Bank loans (secured)	5,265	—	—	—
Finance leases	138	138	136	—
Total	65,291	138	136	—

31 December 2016	**Within 1 year $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
Trade and other payables and accruals	54,615	—	—	—
Bank loans (secured)	6,021	—	—	—
Finance leases and hire purchases	138	91	45	—
Convertible Notes	—	—	19,068	—
Total	60,774	91	19,113	—

d) Foreign exchange risk

Capital Management

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

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

4. Segmental analysis

(a) Revenue from operations

	2014 $'000	2015 $'000	2016 $'000
Revenue arises from:			
Provision of services	18,335	19,195	17,193

In 2016, there were four customers with revenue amounting to $8.0m (2015: 2 ($7.2m); 2014: 2 ($12.0m) where each customer represented 10% or more of the Group's revenue.

(b) Operating segment

For executive management purposes, the Group has one reportable segment – provision of a payment platform for the payment processing of virtual goods and digital goods purchases and categorises all revenue from operations to this segment.

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

	2014 $'000	2015 $'000	2016 $'000
Total Payment Volume (TPV)[1]	*311,247*	*344,880*	*554,009*
Revenue	18,335	19,195	17,193
Depreciation	(132)	(206)	(238)
Amortisation	(785)	(2,740)	(2,917)
Segment loss before exceptional items	(14,093)	(16,027)	(17,755)
Segment loss – exceptional items	(315)	(135)	(2,158)
Segment loss	(14,408)	(16,162)	(19,913)
Finance income	26	36	17
Finance expense	(626)	(452)	(1,243)
Group loss before tax	(15,008)	(16,578)	(21,139)

1 The TPV represents the value of transactions processed through its payment platform. The Group has disclosed this non-IFRS key performance indicator above as the management also uses this indicator to facilitate its decision-making on its business investments.

(c) Geographic segment – secondary basis

The Group does not have the geographical analysis of the revenue by location of the customers and the cost to produce this information would be excessive.

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

	2014 $'000	2015 $'000	2016 $'000
United States of America	1,956	4,929	4,831
Germany	30,003	24,973	20,495
Other European countries (including UK)	17	211	184
Rest of the World	722	709	666
Total	32,698	30,822	26,176

5. Administrative expenses (including exceptional items)

	2014 $'000	2015 $'000	2016 $'000
Audit fees	209	332	437
Non-audit fees – taxation advisory and compliance services	123	89	92
Accounting services	152	163	205
Bad debt provision (credit) /charge	(710)	641	419
Depreciation of property, plant and equipment	132	206	238
Amortisation of intangible assets	785	2,740	2,917
Amortisation of prepaid warrants to non-employees	105	—	—
Loss/(profit) on disposal of property, plant and equipment	1	(4)	3
Foreign exchange losses	1,515	193	174
Research and development cost (including staff costs)	9,905	10,937	9,545
Staff costs[1] (note 6)	11,598	9,530	12,033
Operating lease expense – buildings	1,109	1,511	1,481
(Gains)/Losses on foreign exchange forward contracts	(285)	(415)	57
Exceptional items – acquisition-related transaction costs	315	135	61
Exceptional items – restructuring costs[2]	582	188	
Exceptional items – impairment of trademarks	—	—	2,089
Exceptional items – impairment of developed technology	—	—	69
Other costs including sales and marketing, operations, support and general administrations	3,092	5,090	4,574
	28,628	31,336	34,333

1 excluding research and development staff costs which are included in research and development costs.
2 severance costs following the restructuring and integration of Mopay into the Group.

6. Staff costs

Research and development staff costs (included in research and development costs (note 5)	2014 $'000	2015 $'000	2016 $'000
Wages and salaries	6,219	5,985	5,268
Short-term benefits	—	—	—
Social security costs	289	473	309
Pension	—	29	2
Share-based payments	521	1,028	763
Total	7,029	7,515	6,342

Staff costs (excluding R&D staff costs)	2014 $'000	2015 $'000	2016 $'000
Wages and salaries	8,784	7,554	8,990
Short-term benefits	807	576	807
Social security costs	826	680	1,016
Pension	2	7	11
Share-based payments	1,179	713	1,209
Total	11,598	9,530	12,033

Total staff costs	2014 $'000	2015 $'000	2016 $'000
Wages and salaries[1]	15,003	13,539	14,258
Short-term benefits	807	576	807
Social security costs	1,115	1,153	1,325
Pension costs	2	36	13
Share-based payments	1,700	1,741	1,972
Total	18,627	17,045	18,375

1 this excludes severance costs in 2014 of $582,000 and 2015 of $188,000, following the restructuring and integration of Mopay into the Group.

Key management personnel compensation was made up as follows:

	2014 $'000	2015 $'000	2016 $'000
Salaries	1,405	2,113	1,848
Short-term benefits	65	94	104
Social security costs	119	125	130
Share-based payments	953	976	913
Total	2,542	3,308	2,995

Directors' remuneration included in staff costs:

	2014 $'000	2015 $'000	2016 $'000
Salaries including bonuses	556	521	544
Short-term benefits	23	22	41
Share-based payments	855	601	605
Total	1,434	1,144	1,190

Information regarding the highest paid director is as follows:

	2014 $'000	2015 $'000	2016 $'000
Total remuneration paid	364	346	394

The average monthly number of employees during the period was as follows:

	2014	2015	2016
Management	7	7	7
Operations & administration	169	146	146
Total	176	153	153

7. Finance income and expenses

	2014 $'000	2015 $'000	2016 $'000
Finance income			
Interest income from bank deposits	26	36	17
Total	26	36	17
Finance expenses			
Interest on bank loans & overdrafts	430	306	417
Interest on finance leases and hire purchase contracts	—	18	34
Other interest payables	—	98	81
Amortisation of debt discount	—	—	33
Interest on share warrants	196	30	—
Interest on Convertible Notes	—	—	678
Total	626	452	1,243
Net finance expenses	600	416	1,226

8. Income tax

	2014 $'000	2015 $'000	2016 $'000
Current tax			
US tax	10	—	—
Foreign tax	349	420	105
Withholding tax	—	—	—
Total current tax	359	420	105
Deferred tax expense			
Origination and reversal of temporary differences	—	—	(647)
Rates adjustment			
Total tax expense/(credit)	359	420	(542)

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

	2014 $'000	2015 $'000	2016 $'000
Loss before tax	(15,008)	(16,578)	(21,139)
Tax rate	34%	34%	34%
Loss before tax multiplied by the applicable rate of tax :	(5,103)	(5,636)	(7,187)
US state tax	10	—	—
Overseas tax	111	2	(727)
Expenses not deductible for tax purposes	382	356	411
Withholding taxes	177	418	181
Tax losses	4,781	5,284	6,782
Others	1	(4)	(2)
Total tax expense/(credit)	359	420	(542)

The Group has carried forward losses and accelerated timing differences at reporting date as shown below. In respect of its UK subsidiary, these can be carried forward and offset against UK taxable income indefinitely. In respect of its US entities, net operating loss carryforwards can be carried forward and offset against taxable income for 20 years. Utilization of net operating loss or tax credit carryforwards may be subject to annual limitations if an ownership change had occurred pursuant to the section 382 Internal Revenue Code and similar state provisions. Such an annual limitation could result in the expiration of net operating loss and tax credit carryforwards before utilisation. As the timing and extent of taxable profits are uncertain, the deferred tax asset arising on these losses and accelerated timing differences below has not been recognised in the financial statements

	2014 $'000	2015 $'000	2016 $'000
US losses and tax credit – federal and states	101,078	111,542	129,339
Foreign losses	20,431	20,311	16,533
Total	121,509	131,853	145,872

The deferred tax asset of $647,000 which was recognised in 2016 relates to losses of certain foreign subsidiaries which will be realised as management is expecting these subsidiaries to be profitable as a result of intercompany transfer pricing agreements.

9. Loss per share

	2014	2015	2016
Loss attributable to shareholders on the Company ($'000)	(15,367)	(16,998)	(20,597)
Weighted average number of Common Shares	21,326,662	27,385,512	27,530,641
Basic loss per share (cents)	(0.72)	(0.62)	(0.75)
Diluted loss per share (cents)	(0.72)	(0.62)	(0.75)

Loss per share is calculated based on the share capital of Boku, Inc. and the earnings of the Group.

Due to the loss in each reporting period the effect of the share options was considered anti-dilutive and hence diluted loss per share is the same as the basic loss per share.

10. Property, plant and equipment

	Computer equipment & software $'000	Office equipment and fixtures and fittings $'000	Leasehold improvement $'000	Total $'000
COST				
At 1 January 2014	531	214	15	760
Additions	45	6	—	51
Acquisitions through business combinations	—	110	—	110
Disposals	(25)	—	—	(25)
Exchange adjustment	(9)	(21)	(1)	(31)
At 31 December 2014	542	309	14	865
Additions	144	420	99	663
Disposals	(86)	(199)	(285)	
Exchange adjustment	(1)	6	(1)	4
At 31 December 2015	599	536	112	1,247
Additions	77	19	—	96
Disposals	(6)	(4)	(11)	(21)
Exchange adjustment	(5)	(21)	(8)	(34)
At 31 December 2016	665	530	93	1,288
DEPRECIATION				
At 1 January 2014	363	191	6	560
Charge for year	98	25	9	132
Disposals	(19)	(5)	—	(24)
Exchange adjustment	(8)	(1)	(2)	(11)
At 31 December 2014	434	210	13	657
Charge for year	79	106	21	206
Disposals	(83)	(199)	—	(282)
Exchange adjustment	(10)	(4)	(1)	(15)
At 31 December 2015	420	113	33	566
Charge for period	101	113	24	238
Disposals	(6)	(3)	(11)	(20)
Exchange adjustment	(4)	(2)	(5)	(11)
At 31 December 2016	511	221	41	773
NET BOOK VALUE				
At 31December 2014	108	99	1	208
At 31 December 2015	179	423	79	681
At 31 December 2016	154	309	52	515

Assets held under finance leases or hire purchase contracts

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 $'000	2015 $'000	2016 $'000
Furniture	—	249	192
Computer Hardware	—	57	37
Total	—	306	229
Depreciation charge			
Furniture	—	38	57
Computer Hardware	—	3	20
Total	—	41	77

11. Intangible assets

	Domain name $'000	Developed technology $'000	Merchant relationships $'000	Trade marks $'000	Goodwill $'000	Internally developed software $'000	Total $'000
COST							
At 1 January 2014	140	1,600	1,255	110	2,246	—	5,351
Additions	—	887	—	—	—	—	887
Acquisitions through business combinations	—	1,200	9,455	3,248	17,076	—	30,979
Exchange adjustment	—	(44)	(394)	(135)	(709)	—	(1,282)
At 31 December 2014	140	3,643	10,316	3,223	18,613	—	35,935
Additions	—	—	—	—	—	3,208	3,208
Write-off	—	(441)	—	—	—	(386)	(827)
Acquisitions through business combinations	—	—	—	—	192	—	192
Transfers	(887)	887	—				
Exchange adjustment	—	(123)	(918)	(315)	(1,652)	(90)	(3,098)
At 31 December 2015	140	2,192	9,398	2,908	17,153	3,619	35,410
Additions	—	—	—	—	—	1,379	1,379
Write off	—	(217)	(598)	(2,696)	—	—	(3,511)
Exchange adjustment	—	(69)	(296)	(102)	(551)	(25)	(1,043)
At 31 December 2016	140	1,906	8,504	110	16,602	4,973	32,235
AMORTISATION							
At 1 January 2014	132	1,600	969	—	—	—	2,701
Charge for year	8	272	423	82	—	—	785
Acquisitions through business combinations	—	2	—	—	—	—	2
Exchange adjustment	—	(15)	(19)	(4)	—	—	(38)
At 31 December 2014	140	1,859	1,373	78	—	—	3,450
Charge for year	—	422	1,235	285	—	798	2,740
Write-off client	—	(441)	—	—	—	(386)	(827)
Exchange adjustment	—	(27)	(45)	(13)	—	(9)	(94)
At 31 December 2015	140	1,813	2,563	350	—	403	5,269
Charge for period	—	234	1,173	270	—	1,240	2,917
Write off	—	(148)	(598)	(607)	—	—	(1,353)
Exchange adjustment	—	(9)	(230)	(13)	—	(7)	(259)
At 31 December 2016	140	1,890	2,908	0	—	1,636	6,574
NET BOOK VALUE							
At 31December 2014	—	1,784	8,943	3,145	18,613	—	32,485
At 31 December 2015	—	379	6,835	2,558	17,153	3,216	30,141
At 31 December 2016	—	16	5,596	110	16,602	3,337	25,661

At the year end date an impairment test has been undertaken by comparing the carrying values of goodwill with the recoverable amount of the Group's one cash generating unit (CGU) which is the provision of a mobile payment platform for the payment processing of virtual goods and digital goods purchases to which the goodwill has been allocated. The recoverable amount of the cash generating unit is based on value-in-use calculations. These calculations use cash flow projections covering a three year period based on financial budgets and a calculation of the terminal value, for the period following these formal projections.

The key assumptions used for value-in-use calculations are those regarding growth rates, increases in costs and discount rates. The discount rate is reviewed annually to take into account the current market assessment of the time value of money and the risks specific to the cash generating units and rates used by comparable companies. The discount rate has been calculated as the weighted average cost of capital. The pre-tax discount rate used to calculate value-in-use is 49.40% (2015: 39.83 %; 2014: 26.67%). Growth rates for forecasts take into account historical experience and current market trends. Costs are reviewed and increased for inflation and other cost pressures. The terminal value calculation was based on EBITDA at the last year of projected period multiply by EBITDA multiplier of 5 (2015: growth rate 3%; 2014: multiplier 4.55) for all CGUs.

The cash flows result in a decision to impair certain intangible balances at year end. The impairment charge is recognised as an exceptional expense within administrative expenses and is disclosed in note 5.

Sensitivity to changes in assumptions

Management has identified two key assumptions for which if any of the following changes were made to these key assumptions individually, this would cause the carrying amount to equal to the recoverable amount of the goodwill for the CGU for each year (2014-2016):

	2014	**2015**	**2016**
Projected revenue used for terminal value reduced from	100% to 9%	100% to 33%	100% to 36%
Revenue multiplier for terminal value reduced from	4.55 to 0.4	Not applicable	5 to 1.79
Terminal growth rate reduced from	—	+3% to minus 16%	—

12. Subsidiaries

The principal subsidiaries of the Company, as at 31 December 2016, all of which have been included in the consolidated financial information, are as follows:

The proportion of ordinary share capital directly held by the parent company in each subsidiary is 100%

Name	**Principal activity**	**Parent**	**Location**
Boku Payments Inc.	Holding Company	Boku Inc.	US
Boku Network Services Inc.	Holding Company	Boku Inc.	Delaware, US
Boku Account Services Inc.	Holding Company	Boku Inc.	Virginia, US
Boku Network Services AG *	Holding Company	Boku Inc.	Germany
Paymo Brazil Servicios de Pagamentos Ltd	Mobile payment solutions	Boku Network Services Inc. (Delaware)	Brazil
Boku Network Services UK, Ltd	Mobile payment solutions	Boku Network Services Inc. (Delaware)	UK
Boku Network Services AU Pty Ltd	Mobile payment solutions	Boku Network Services Inc. (Delaware)	Australia
Spunk Media Pvt Limited (Boku Network Services In Privates Limited effective from August 2016)	Mobile payment solutions	Boku Network Services Inc. (Delaware)	India
Boku Account Services UK, Ltd.	Mobile payment solutions	Boku Account Services Inc. (Virginia)	UK
Mopay, Inc. (Delaware)	Dissolved in September 2015	Boku Network Services AG (Germany)	US

Name	Principal activity	Parent	Location
Mindmatics Ltd	Dissolved in July 2015	Boku Network Services AG (Germany)	UK
Mindmatics Labs SRL	Mobile payment solutions	Boku Network Services AG (Germany)	Romania
Mobileview Italia S.r.l	Mobile payment solutions	Boku Network Services AG (Germany)	Italy

* Formerly Mopay AG(Germany)

13. Other receivables

Non-current assets	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Lease deposits	5	—	—
Total	5	—	—

14. Trade and other receivables

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Trade receivables – gross	23,187	14,086	18,237
Accrued income	37,137	28,988	17,695
Accounts receivable – gross	60,324	43,074	35,932
Less: provision for impairment	(3,703)	(1,615)	(716)
Accounts receivable – net	56,621	41,459	35,216
Prepayments	903	1,023	913
Other receivables	1,418	56	179
Note receivable from a shareholder	793	793	793
Total	59,735	43,331	37,101

The ageing of trade receivables and accrued income is as follows:

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Not past due not impaired**	25,185	20,745	22,153
Past due but not impaired**			
Up to 30 days	12,334	5,407	5,551
31 days – 60 days	6,950	3,573	930
61 days – 90 days	4,833	1,453	742
More than 90 days	6,191	5,512	413
	30,308	15,945	7,636
Past due but impaired**	4,831	6,384	6,143
Less: Impairment (trade receivables only)	(3,703)	(1,615)	(716)
	56,621	41,459	35,216

** both trade receivables and accrued income

The Company generally does not require collateral from its customers. The Company evaluates the collectability of its accounts receivable and provides an impairment provision for potential credit losses such as financial difficulty of the customer to pay, as necessary. Trade receivables that were past due but not impaired relate to customers with no default history. Trade receivables that were past due and fully impaired were $716,000 for December 2016 (Dec 2015: $1,615,000; Dec 2014: $3,703,000).

Provision for impairment

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Opening balance	4,517	3,703	1,615
Utilised during the period	(104)	(2,729)	(1,331)
Increase/(decrease) during the period	(710)	641	419
Foreign exchange movement	—	—	13
Closing balance	3,703	1,615	716

Accounts receivable and other receivables have not been discounted as they are short-term debts.

15. Cash and cash equivalents and restricted cash

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Cash and cash equivalents	12,004	8,979	11,322
Restricted cash	569	610	480

16. Derivative financial instruments

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Derivative financial assets			
Derivatives designated as hedging instruments			
Forward foreign exchange swaps	167	34	14

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position

The Group's objective in using derivatives is to hedge the variability cash flows associated with monthly aggregator payments and to manage its exposure to foreign currency movements or other identified risks. To accomplish this objective, the Company primarily uses foreign currency contracts as part of its cash flow hedging strategy.

The notional principal amounts of outstanding forward foreign exchange rate swaps at 31 December 2016 were $3,547,000 (2015: $5,846,000; 2014: $12,545,000). Their fair value is 2016: $14,000 asset (2015: $34,000 asset; 2014: $167,000 asset).

The hedged transactions denominated in various foreign currencies are expected to occur at various dates within the next 12 months. The change in net un-realised gains and losses on the fair value of these forward foreign exchange swaps are recognised in the hedging reserve in equity at year ended December 2016 of $20,000 loss (2015: loss $134,000; 2014: gain $310,000). The realised gains of these swaps re-cycled from the hedging reserve to profit or loss were 2016: $34,000 (2015: $167,000; 2014: $106,000).

The fair value hierarchy of these forward foreign exchange rate swaps measured at fair value is level 2.

17. Trade and other payables

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Current			
Trade payables	49,189	47,895	46,909
Other taxes and social security costs	41	422	—
Other payables	—	95	—
Accruals	15,350	11,899	7,705
Deferred revenue	65	39	277
Total	64,645	60,350	54,891
Non-current			
Deferred rent	—	74	86
Total	—	74	86

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

18. Loans and borrowings

	31 December 2014 $'000	31 December 2015 $'000	31 December 2016 $'000
Current			
Bank loans (secured)	5,000	5,000	6,000
Obligations under finance lease and hire purchase contracts	—	104	117
Total	5,000	5,104	6,117
Non-current			
Bank loans	—	—	—
Obligations under finance lease and hire purchase	—	242	125
Convertible Notes	—	—	14,963
Total	—	242	15,088

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

In November 2013, the Company entered into a Loan and Security Agreement (the "**Agreement**") with a financial institution that allows for borrowings of up to $15,000,000 under a revolving line of credit through February 2015. This line of credit was extended through to 24 March 2019. The amounts borrowed under this Agreement were $6m (2015: $5m; 2014: $5m).

The line of credit is secured by the Company's trade receivables and allows for borrowings of up to (i) 70% of outstanding eligible trade receivables plus (ii) 60% of outstanding eligible accrued income provided that (a) aggregate advances secured by trade receivables due from aggregators does not exceed $7,500,000 at any time and (b) aggregate advances secured by eligible trade receivables by BNS UK does not exceed $7,500,000 at any time. The Agreement requires a minimum monthly interest payment of $12,000 should interest paid on outstanding borrowings be less than $12,000 in any given month. Advances under the line of credit bear interest at prime plus 3.25% or prime plus 1.75%, depending on the net cash balances held with the financial institution (2016: 6.00%; 2015: 6.00%, 2014: 7.25%). Outstanding borrowings under the line of credit at each year end are as disclosed in the above table.

At 2014 year-end, the Company was not in compliance with certain financial covenants under the Agreement due to the cash outflow on acquisition of BNS AG. The Agreement provides the financial institution with certain remedies in the event of a default, which include the right to accelerate payment of all outstanding principal balances. The financial institution waived its right to accelerate payment and, in February 2015, formally amended the line of credit to extend the maturity date to May 2015 and modify certain financial covenants. At 2015 year end, the Company was not in compliance with certain financial covenants under the Agreement due to a delay in signing an amendment to the Agreement. Subsequent to 2015 year-end, the financial institution waived its right to accelerate payment and formally amended the line of credit to extend the maturity date through to January 2017 and later to March 2017. At 31 December, 2016, management believes the Company was in compliance under the terms of the Agreement.

Convertible Notes

In 2016, the Company entered into the Note Purchase Agreement with investors under which the Company was authorised to issue Convertible Notes with an initial aggregate principal amount of up to $20 million. The Company issued Convertible Notes totalling $15,053,000 at various dates from July through November 2016. The Convertible Notes accrue interest at the rate of 10% per annum and mature in January 2018.

At 31 December 2016, borrowings under the Convertible Notes totaled $15,053,000 with accrued interest of $677,000, before issue costs $123,000. These notes are subordinated to certain other debts of the Company, on the terms set out in the Subordination Agreement signed between the note holders, Silicon Valley Bank, and the Company in July 2016.

Total issue costs of $123,000 have been netted off against the outstanding debt and are being amortised to interest expense over the term of the Convertible Notes. Of this amount, $33,000 was amortised and expensed in 2016.

The Convertible Notes, plus accrued interest, automatically convert into the next series of Preferred Shares at the lowest issue price in the event of a qualified equity financing of at least $10,000,000, not including funds received from the Convertible Notes. If a qualified financing does not occur prior to the maturity date of the Convertible Notes, the outstanding principal under the Convertible Notes plus accrued interest can be converted at the option of the holder into a new series of Preferred Shares to be authorised by the Company having substantially identical rights, preferences, privileges and restrictions as the Company's Series D-2 Preferred Shares; if a holder chooses not to convert, the Convertible Notes must be repaid by the Company at a rate of two times the then outstanding balance under the Convertible Notes, which includes accrued and unpaid interest. If a qualified public offering or other qualified merger occurs prior to maturity, the conversion shares to be received by the note holders will be converted at a rate of two times the then outstanding principal and accrued and unpaid interest balance under the Convertible Notes divided by the applicable conversion price.

The Convertible Notes are classified as a financial liability for accounting purposes, though the Convertible Notes may be converted to shares at the option of the holder. Because the number of shares to be issued will vary and is not fixed, as such number is based on the Company's lowest share price at the conversion date, the Convertible Notes therefore do not meet the criteria to classify part of this debt as equity under IAS 32.

The fair value of the embedded derivative liability has no value, the note holder receives shares equal in value to the cash payment that would otherwise be made.

19. Share capital

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

	31 December 2014 Number of shares issued and fully paid		31 December 2015 Number of shares issued and fully paid		31 December 2016 Number of shares issued and fully paid	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Preferred Shares of $0.0001 each						
Series D-1	2,494	—	2,494	—	2,494	—
Series D	13,831	2	13,831	2	13,831	2
Series C	18,348	2	18,348	2	18,348	2
Series B	19,099	2	19,099	2	19,099	2
Series A-1	16,674	2	16,674	2	16,674	2
Series A	23,192	2	23,192	2	23,192	2
Series D-2	18,958	2	18,958	2	18,958	2
Closing balance	112,596	12	112,596	12	112,596	12
Common Shares of $0.0001 each						
Opening balance	19,352	2	27,060	3	27,503	3
Issue of shares	7,708	1	443	—	203	—
Re-purchase of shares	(147)	—				
Closing balance	27,060	3	27,503	3	27,559	3

Common Shares

At 31 December, 2016, 2015 and 2014 the Company was authorised to issue 177,000,000 Common Shares with a par value of $0.0001 per share. At 31 December, 2016, the Company had

27,559,000 (2015: 27,503,000, 2014: 27,060,000) Common Shares issued and outstanding, of which 1,150,000 shares were unpaid at each of the year ends.

Preferred Shares

At 31 December, 2016, 2015 and 2014 the Company was authorised to issue 118,153,000 Preferred Shares with a par value of $0.0001 per share. At 31 December, 2016, the Company had 112,596,000 (2015: 112,596,000, 2014: 112,596,000) Preferred Shares issued and outstanding.

Common Shares and various series of Preferred Shares constitute separate classes of shares. The respective rights of these classes of shares are summarised below:

- Voting rights

Both classes of shares carry the right to one vote per share at general meetings, other than the Series D-1 Preferred Shares, which are non-voting.

- Dividend distribution

Both classes have rights with respect to dividend distribution, if, when and as declared by the Board.

- Redemption and conversion

The Preferred Shares are not redeemable at the option of the holder. At the option of the holder and, in certain instances, automatically, each Preferred Share is convertible into fully paid and non-assessable Common Share capital currently on a one-for-one basis, as adjusted in accordance with the conditions set out in the Certificate of Incorporation .

- Right to distribution of sales proceeds of the Company's share capital

All the above classes of shares have rights to participate in distribution of the sale proceeds of the Company's share capital or liquidation or dissolution or winding up in accordance with the order of distribution as set out in the Certificate of Incorporation .

The Company repurchased 147 shares in 2016 (none in 2014 and 2015) which is related to the Company's right to repurchase shares that were issued following early exercise of options prior to vesting. There were no shares subject to repurchase at 2014, 2015 and 2016.

20. Reserves

The share premium disclosed in the consolidated statement of financial position represents the difference between the issue price and nominal value of the shares issued by the Company.

Retained earnings are the cumulative net profits in the consolidated income statement.

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

Cash flow hedging reserve is changes in un-realised gains or losses on the valuation of derivatives designated as cash flow hedges at year end.

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

21. Share-based payment

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

1. 2009 equity incentive plan (2009 Plan) for the granting of share options (incentive or non-qualified), restricted share awards (RSA) and restricted stock units (RSU). As at the date of this document, the Group has reserved 44,872,538 of Common Shares for issuance under this plan.
2. 2009 equity UK sub-plan (2009 UK plan) under the terms of the above plan for the granting of share options and restricted stock units for qualifying participants who are resident in the United Kingdom.
3. 2009 non-plan (not part of the above 2009 plan) for the granting of share options to subscribe to 897,000 Common Shares at $0.022 per share. These options vest with terms ranging from being fully vested at grant date to vesting over four years with a one year cliff, where 25% of the options vest. The options expire in April 2019. The share based expense for 2014 and thereafter was negligible.

4. 2009 BNS options (not part of the above 2009 plan) for the granting of share options to subscribe to 182,000 Common Shares at $0.207 per share in connection with the acquisition of BNS in June 2009. The options expire in June 2019. No share based expense for 2014 and thereafter was recognised.

Options under the 2009 Plan and 2009 UK plan

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

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

Restricted stock units (RSU)

Performance-based RSUs vest upon the earlier of the completion of a specified service period and the achievement of certain performance targets, which may include individual and Company measures, and are converted into Common Shares upon vesting, generally over 18 months.

Share-based expense for RSUs is based on the fair value of the shares underlying the awards on the grant date and reflects the estimated probability that the performance and service conditions will be met. The share-based expense is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions until the vesting date.

Restricted share awards (RSA)

RSAs are subject to repurchase based upon the terms of the individual restricted share purchase agreements. These repurchase rights lapse over the vesting term of the individual award, generally over three to four years.

2009 non-plan options

In 2009, the Company granted options to subscribe to 897,000 Common Shares at $0.022 per share under the Non-Plan scheme. These options were granted separate from the above 2009 Plan. The Non-Plan Options vest with terms ranging from being fully vested at grant date to vesting over four years with a one year cliff. The options expire in April 2019. Share-based expense in connection with the grant of Non-Plan options was not material in 2014, 2015 and 2016. There was no share movement for these Non-Plan options for 2014 and 2015, as disclosed in the table above. In 2016, 145,800 options were cancelled. The outstanding options at 31 December 2016 were 50,000 (2014 and 2015: 196,000).

BNS plan options

In connection with the acquisition of BNS in June 2009, the Company granted options to subscribe to 182,000 Common Shares at a weighted-average exercise price of $0.207 per share (BNS Options). These options granted were separate from the 2009 Plan. The options expire in June 2019. The Company recognised no share based charge in 2015 and 2014. There was no share option activity related to these options in 2014, 2015 and 2016. At 31 December 2016, 2015 and 2014, 37 options were outstanding at a weighted-average exercise price of $0.203 per share. At 31 December, 2016, 2015 and 2014, all BNS Options were fully vested and exercisable.

The options activity under the plan (including RSA and RSU) are as follows:

	Options available for grant – All plans	2009 Plan (including UK plan, (excluding RSA & RSU)		RSA		RSU		Non-plan options		BNS plan options		Total
	Number of options $'000	Number of options $'000	WAEP[1]	Number of options $'000	WAEP[1]	Number of options $'000	WAEP[1]	Number of options $'000	WAEP	Number of options $'000	WAEP[1]	Number of options $'000
At 1 January 2014	708	17,595	$0.577	7,206	$0.30	2,154	$0.768	196	$0.022	37	$0.203	**27,188**
Authorised	6,000	—	—	—	—	—	—	—	—	—	—	
Granted	(4,558)	4,053	$0.690	—	—	505	$0.655	—	—	—	—	**4,558**
Exercised	—	(376)	$0.587	—	—	—	—	—	—	—	**(376)**	
Cancelled	4,783	(4,633)	$0.530	—	—	(150)	$0.690	—	—	—	—	
At 31 December 2014	**6,933**	**16,639**	**$0.617**	**7,206**	**$0.30**	**2,509**	**$0.750**	**196**	**$0.022**	**37**	**$0.203**	**26,587**
Granted	(7,112)	4,822	$0.550	—	—	2,290	$0.550	—	—	—	—	**7,112**
Exercised	—	(443)	$0.359	—	—	—	—	—	—	—	—	**(443)**
Cancelled	2,856	(2,706)	$0.590	—	—	(150)	$0.690	—	—	—	—	**(2,856)**
At 31 December 2015	**2,677**	**18,312**	**$0.610**	**7,206**	**$0.30**	**4,649**	**$0.654**	**196**	**$0.022**	**37**	**$0.203**	**30,400**
Authorised	8,206	—	—	—	—	—	—	—	—	—		
Granted	(12,668)	7,599	$0.266	—	—	5,068	$0.267	—	—	—	—	**12,667**
Exercised	—	(203)	$0.367	—	—	—	—	—	—	—	—	**(203)**
Cancelled	1,785	(1,619)	$0.537	—	—	(166)	$0.550	(146)	$(0.022)	—	—	**(1,931)**
At 31 December 2016	**—**	**24,089**	**$0.511**	**7,206**	**$0.30**	**9,551**	**$0.450**	**50**	**$0.022**	**37**	**$0.203**	**40,933**

1 WAEP – weighted average exercise price

	December 2014	December 2015	December 2016
Outstanding options at reporting end date:			
– total number of options (including RSA & RSU)	26,587	30,400	40,933
– weighted average remaining contractual life – all plans (excluding RSU and RSA)	7.51	7.42	7.17
– weighted average remaining contractual life – RSU	5.80	4.48	3.76
– weighted average remaining contractual life – RSA	8.98	7.98	6.98
Vested and exercisable ('000):	8,442	10.008	14,370
– weighted average exercise price	$0.617	$0.610	$0.556
– weighted average remaining contractual life – all plans (excluding RSU and RSA)	6.74	6.61	6.04
Weighted average share price exercised during the period (excluding RSA and RSA)	$0.587	$0.359	$0.367
Weighted average fair value of each option granted during the period (excluding RSA and RSU)	0.385	0.306	0.145
Vested and exercisable – RSU and RSA	8,325	8,850	8,880
Share-based expense for the period ('000)	$1,742	$1,755	$2,096

In October 2016, the Board repriced the exercise price of all certain outstanding share options. This repricing was accounted for as a modification of all outstanding options. The Company calculated the fair value of the original options immediately prior to the modification and again after the modification occurred using the Black-Scholes option pricing model. The fair value of the modified options, less the fair value of the original options immediately before the modification, will be recorded over the remaining vesting period. For options that were fully vested as of the modification date, the Company recorded all of the incremental share-based expense as of that date. A total of 14,254,000 options were modified in 2016 resulting in incremental value of $771,000, of which $665,000 was recognised and included in share-based expenses in 2016. The remainder will be recognised over a weighted-average requisite service period of 0.864 years.

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

	December 2014	**December 2015**	**December 2016**
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price at grant date (cent)	$0.731	$0.550	$0.266
Exercise price	$0.731	$0.550	$0.266
Weighted average contractual life (years)[1]	5.41 to 6.08(E*) and 9.14-9.81(NE*)	5.96(E*) and 9.4(NE*)	5.83(E*) and 7.42(NE*)
Weighted expected volatility[2]	60%(E*&NE*)	60%(E*) and 61%(NE*)	61%(E*) and 52%(NE*)
Expected dividend growth rate	0%	0% (E&NE*)	0%
Weighted average Risk-free interest rate[3]	1.84% – 2.03%(E*) and 2.11% to 2.48%(NE*)	1.58%(E*) and 2.06NE*)	1.42%(E*) and 1.99%(NE*)

1 Weighted average contractual life represents the period of time options are expected to be outstanding and is estimated considering vesting terms and employees' historical exercise and post-vesting employment termination behavior.

2 Expected volatility is based on historical volatilities of public companies operating in the Company's industry.

3 The risk-free rate is based on the US Treasury yield curve in effect at the time of grant.

*E – employees NE – non-employees

The fair value of each RSU has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected terms ranging from 5.75 to 6.08 years; risk-free interest rates ranging from 1.43% to 1.49%; expected volatility of 76%; and no dividends during the expected term (2015: expected terms ranging from 5.75 to 6.08 years; risk-free interest rates ranging from 1.48% to 1.78%; volatility of 60%; and no dividends; 2014: expected terms ranging from 5.75 to 6.08 years; risk-free interest rates ranging from 1.48% to 1.78%; volatility of 60%; and no dividends; 2014: expected term ranging from 5.50 to 5.75 years; risk-free interest rates ranging from 1.11% to 2.08%; expected volatility of 60%; and no dividends during the expected term.). The weighted average values for the assumptions used were: expected term of 6.05 years; risk-free interest rate of 1.48%; expected volatility of 76%; and no dividends during the expected term (2015: expected term of 6.03 years; risk-free interest rate of 1.48%; expected volatility of 60%; and no dividends; 2014: expected term of 6.03 years; risk-free interest rate of 1.48%; expected volatility of 60%; and no dividends).

The fair value of each RSA granted in December 2013 has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected term of ten years; risk-free interest rates 2.99%; expected volatility of 60%; and no dividends during the expected term.

Warrants for Common Shares

<u>February 2013 Warrant</u>

In February 2013, in connection with a financing arrangement, the Company issued a warrant to purchase 872,093 Common Shares at an exercise price of $0.86 per share. The warrant was immediately exercisable and expires in February 2023. As the fair value of the warrant cannot be estimated reliably relating to the financing arrangement, the Company determined the fair value of the warrant to be $392,000 using the Black-Scholes option pricing model, assuming a contractual life of ten years, risk free rate of 1.88%, volatility of 60% and no dividends. The fair value of the warrant was recorded within other receivables and the corresponding amount in share premium. The fair value is being amortized to interest expense over two years, which was the term of the agreement. In 2016, the Company recorded interest expense $nil (2015: $30,000; 2014: $196,000) related to the warrant. At year ended 2016, the un-amortised portion related to the warrant was $nil (2015: $nil; 2014: $30,000). At 2016, the warrant remains outstanding.

June 2010 Warrant

In June 2010, the Company issued warrants to purchase 3,000,000 Common Shares at $0.50 per share to a certain holder of Preferred Shares in consideration of the holder providing advisory services on strategic and operational matters. The warrants expire in June 2017.

The Company determined the value of the warrants to be $842,000 using the Black-Scholes option pricing model. The fair value was amortised over the service terms of the consultancy agreement of four years. In 2014, the Company fully amortised the remaining $105,000 to consulting expense and none included in other receivables.

September 2009 Warrant

In September 2009, the Company issued warrants to purchase 1,950,000 of Common Shares at $0.20 per share to certain holders of Preferred Shares. The warrants expire in September 2016. The warrants were immediately exercisable. 1,150,000 warrants were expired and unexercised and remaining 800,000 warrants were outstanding as of 31 December, 2016 (2015 and 2014: 1,950,000).

22. Commitments

Operating leases

The Company leases office facilities under several non-cancellable operating lease agreements, which expire at various dates through 2021. In addition to the base rent, the Company is responsible for certain maintenance expenses under the leases. Certain lease agreements contain scheduled net increases over the lease term. The related rent expenses for these leases are calculated on a straight-line basis with the difference recorded as deferred rent. Rent expense was $1,481,000 in 2016 (2015: $1,511,000; 2014: $1,109,000).

The total value of minimum lease payments due until the next lease break is payable as follows:

	2014 $'000	**2015 $'000**	**2016 $'000**
Not later than one year	1,265	1,318	1,120
Later than one year and not later than five years	3,852	3,652	2,965
Later than five years	1,248	394	—
Total	6,365	5,364	4,085

Finance leases

During 2015 the Company entered into several capital lease agreements with leasing companies for the financing of equipment purchases of $400,000. The lease payments expire at various dates through December 2019.

2015	Minimum lease payments	Interest	Present value
Within one year	138	34	104
Between one and five years	274	32	242
Total	412	66	346

2016	Minimum lease payments	Interest	Present value
Within one year	138	21	117
Between one and five years	136	11	125
Total	274	32	242

23. Dividends

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

24. Cash (used in)/generated from operations

	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000	Year ended 31 December 2016 $'000
Loss after tax	(15,367)	(16,998)	(20,597)
Add back:			
Tax expense/(credit)	359	420	(542)
Amortisation of intangible assets	785	2,740	2,917
Depreciation of property, plant and equipment	132	206	238
Amortisation of prepaid warrants	105	—	—
Loss/(profit) on disposal of property, plant and equipment	1	(4)	3
Finance income	(26)	(36)	(17)
Finance expense	626	452	1,243
Exchange loss	458	1,179	4,440
Impairment of intangible assets	—	—	2,158
Share based payment expense	1,742	1,755	2,096
Operating loss before working capital changes	(11,185)	(10,286)	(8,061)
Decrease in trade and other receivables	18,393	21,843	3,113
Decrease in trade and other payables	(9,066)	(10,216)	(6,482)
Cash (used in)/generated from operations	(1,858)	1,341	(11,430)

25. Related party transactions

In 2014, a customer and shareholder of the Company remitted cash payments of $24,540,000 to the Company. At 31 December, 2014, the Company was owed $3,323,000.

During 2014, the Company has been remitted $19,465,000 in net payments from companies acquired after year end. At 31 December, 2014, the Company had receivables of $1,311,000 due from these companies.

An officer of the Company, who is also a member of the Board, is a shareholder of a customer. In 2015, the aggregator remitted none (2014: $1,243,000) in net payments to the Company. At 31 December, 2015, the Company was owed none (2014: $68,000). In 2016, the Company has been remitted $75,879,000 (2015: $72,079,000; 2014: 19,465,000) in net payments from 3 customers and shareholders of the Company ($50,724,000 in 2014). At 31 December, 2015, the Company had receivables of $10,054,000 (2014: $9,114,000) due from these related parties.

In December 2013, the Company issued a note for £27,000 to a director of the Company. The note was fully repaid in 2016. The note bore interest at 3.25% at 31 December, 2015 and had no specified maturity date. Outstanding principal for the note receivable at 31 December, 2015 was $33,000 with accrued interest of $3,000.

A director issued a full recourse promissory note in the amount of $793,000 for the purchase of 1,150,000 Common Shares at $0.69 per share in December 2013. This is disclosed as 'note receivable from a shareholder' in note 14 – trade and other receivables in 31 December 2014, 2015 and 2016.

26. Ultimate controlling party

There is no ultimate controlling party of the Company.

27. Acquisitions

(a) On 1 October 2014, the Company acquired Mopay (re-named BNS AG) and its wholly owned subsidiaries (Mopay US, Mindmatics UK, Mindmatics Labs, and Mocosmos) ("**BNS AG Group**") based in Germany, whose principal activity is provision of carrier billing-based mobile payment services. In October 2014, as part of Company's restructuring, Mopay acquired BNS DE, at which time BNS DE became Mopay's wholly owned subsidiary.

In February 2015 Mopay changed its legal name to BNS AG. The main reason for the acquisition was to strengthen the Group's position in the gaming industry and it complements the technologies of Boku Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value $'000	Fair value adjustments $'000	Fair value $'000
Merchant relationships	—	9,455	9,455
Trade name	—	3,248	3,248
Developed technology	—	1,200	1,200
Property, plant and equipment	110	—	110
Other assets	47	—	47
Cash and cash equivalent	7,607	—	7,607
Trade and other receivables	25,765	—	25,765
Trade and other payables	(40,321)	—	(40,321)
Net assets	(6,792)	13,903	7,111
Goodwill			17,076
Total purchase consideration			24,187
Cash			1,712
Shares – 7,332, Common Shares			4,033
Shares – 18,958 Series D-2 shares			18,442
Total purchase consideration			24,187
Purchase consideration – cash			1,712
Cash and cash equivalents			(7,607)
Cash inflow on acquisition (net of cash acquired)			(5,895)

There is no contingent consideration payable. Acquisition costs of $254,000 arose as a result of this transaction and have been written off and included in the exceptional items in the statement of comprehensive income. The goodwill represents the potential growth opportunities and synergy effects from the acquisition. The goodwill is not deductible for tax purposes.

Trade receivables net of bad debt provision acquired are considered to be fair value and are expected to be collectable in full.

Since the acquisition date, BNS AG Group has contributed $2.0m to group revenue and $0.5m loss to group loss before tax for the year ended 31 December 2014. If the acquisition had occurred on 1 January 2014, group revenue would have been $25.9m and group loss before tax for the year would have been $17.8m.

On 31 July 2015, the Company acquired 100% interests in Mobileview Italia based in Italy, whose principal activity is provision of carrier billing-based mobile payment services. The main reason for the acquisition was to expand market internationally and it complements the technologies of Boku Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value $'000	Fair value adjustments $'000	Fair value $'000
Trade and other receivables	1,554	—	1,554
Trade and other payables	(1,698)	—	(1,698)
Cash and cash equivalents	135	—	135
Net assets	(9)	—	(9)
Goodwill			192
Total purchase consideration			183
Cash			11
Contingent cash payment[1]			172
Total purchase consideration			183
Purchase consideration – cash			11
Cash and cash equivalents			(135)
Cash inflow on acquisition (net of cash acquired)			(124)

1 The contingent payment relates to a future disposal of a line of the business to a related party for Euro 153,000 ($172,000 using an exchange rate of 1.13065). The payment was made in January 2016.

Acquisition costs of $72,000 arose as a result of this transaction and have been written off and included in the exceptional items in the statement of comprehensive income. The goodwill represents the potential growth opportunities and synergy effects from the acquisition. The goodwill is not deductible for tax purposes.

Trade receivables net of bad debt provision acquired are considered to be fair value and are expected to be collectable in full.

Since the acquisition date, Mobileview Italia has contributed $nil to group revenue and $0.1m loss to group loss before tax for the year ended 31 December 2015. If the acquisition had occurred on 1 January 2015, group revenue would have been $19.3m and group loss before tax for the year would have been $16.8m.

28. Disposal of businesses

In July 2015, the Company sold the business line associated with a product named Mopay Call to a UK company. Under the terms of the agreement, the Company will be paid a total of Euro 655,000 ($720,500), (including earn out payments). However, management expectation is consideration including earn out payments of Euro 244,000 ($268,400); and of this Euro 82,000 ($90,200) has been paid in 2015 and subsequently the rest of the earn out payment accrual was reversed in 2017.

In July 2015, the Company sold the business line associated with a product named Mopay Text to, a Lebanese corporation. Under the terms of the agreement, the Company will be paid $93,000. However, only $61,000 was paid in July 2015 and the remaining was not payable, as conditions were not met.

In 2015, Mindmatics Ltd. (UK), MoPay, Inc. (US) and Boku Network Services DE GmbH were dissolved. All assets were written off or transferred prior to the dissolution which occurred as of 7 July, 2015, 16 September, 2015 and January 2015, respectively.

29. Contingent liabilities

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

From time to time, in its normal course of business, the Group may indemnify other parties, with whom it enters into contractual relationships, including customers, aggregators, MNOs, lessors and parties to other transactions with the Group. The Company has also indemnified its directors and executive officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer. The Group believes the estimated fair value of any obligation from these indemnification agreements is minimal; therefore, these consolidated financial statements do not include a liability for any potential obligations at 31 December 2014, 2015 and 2016.

30. Post balance sheet events

In March 2017, the Company amended the Loan and Security Agreement (see note 18) to extend the maturity through March 2019, increase available borrowings to up to 80% of eligible accounts receivable and amend certain financial and non-financial covenants. Advances under the line of credit were amended to bear interest at prime plus 2.00% or prime plus 3.50%, depending on the net cash balances held with the financial institution.

31. Transition to IFRS

This is the first time that the Group has presented its financial information for the three years ended 31 December 2016 under IFRS, issued by IASB. The companies in the Group have prepared their last statutory accounts for the year ended 31 December 2016 under US GAAP. For the purposes of this historical financial information, the date of transition to IFRS was 1 January 2014 as 2014 is the earliest period for which the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its historical information.

In restating its US GAAP consolidated financial information, the Group has made some IFRS adjustments to the profit or loss or equity and certain re-grouping and re-classification of items for the presentation of the consolidated financial information under IFRS.

Transitional provisions under IFRS 1

IFRS 1, First-time adoption of International Financial Reporting Standards, allows a number of transitional provisions, primarily exemptions and exceptions, when applying IFRS for the first time. The Group has elected to use the following transitional provision:

1. Business combinations: Business combinations prior to 1 January 2014 (date of transition) have not been restated on an IFRS basis. As a result, under IFRS the net book value of goodwill at 1 January 2014 is treated as the deemed cost.

IFRS Impact

The main items contributing to the change in financial information compared with that reported under US GAAP as at the transition date are shown below:

A summary of the impact of IFRS transition to the consolidated statement of financial position is as follows:

	01 Jan 2014 (date of transition) $'000	31 Dec 2014 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000
Equity reported in accordance with US GAAP	27,430	34,735	17,213	(1,235)
IFRS adjustments in the Group's equity				
Reclassified notes receivable from shareholders included in equity to current asset	—	793	793	793
Reclassified prepaid transaction costs and netted off against bank loans	—	—	—	—
Share-based payment adjustment	—	—	—	—
Equity reported in accordance with IFRS	27,430	35,528	18,006	(442)

The promissory notes receivable from shareholders were reclassified from equity and presented as an asset in the current assets as they meet the criteria of recognising these promissory notes as assets.

Under US GAAP, the Group can make an accounting policy election to recognise share-based payment for options with graded vesting either on a straight-line basis or the graded vesting attribution approach, which is similar to IFRS. In the US GAAP accounts, the Group has elected to recognise share based payment on a straight-line basis. However, under IFRS, share options with graded vesting must be based on the graded vesting attribution approach only, whereby, each instalment of vesting is treated as a separate share option grant, because each instalment has a different vesting period, and hence the fair value is calculated for each instalment of vesting. As a result, under IFRS, the share-based payment was revised for each reporting year.

Under US GAAP, at 1 January 2014, the Group has capitalised the transaction costs incurred in relation to the bank borrowings and amortised over the life of the bank borrowings. Under IFRS, these costs of $292,000 were reclassified from prepayments and netted off against the bank borrowings and being amortised over the life bank borrowings using the effective interest rate method. There were neither adjustment to reclassify the prepaid transaction costs nor adjustment to the amounts expensed to finance costs for the year ended 2014, 2015 and 2016 as they were not material.

A summary of the impact of IFRS transition to the consolidated income statement is as follows:

	31 Dec 2014 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000
Loss after tax reported in accordance with US GAAP	(15,179)	(16,613)	(20,101)
IFRS adjustments:			
Share-based payment adjustment for graded vesting features	(188)	(385)	504
Total loss after tax reported in accordance with IFRS	(15,367)	(16,998)	(20,597)

The main changes are presentation changes are on the face of the Group income statement, statement of financial position and cash flow statement in accordance with the requirements of IFRS are as follow:

1. Research and development, sales and marketing, operations and support services expenses and other income/ (expense) are all grouped and included in administrative expenses on the face of the Group income statement.
2. Certain non-recurring expenses such as restructuring and acquisition related expenses have been classified as exceptional items under IFRS.
3. Capitalised software and goodwill are included under intangible assets
4. Accounts receivables and prepaid expenses and other current assets are grouped and presented as 'trade and other receivables' on the face of the statement of financial position
5. The derivative financial instrument and corporation tax liability are shown separately on the face of the statement of financial position.
6. All the share capital details have been grouped under share capital on the face of the statement of financial position
7. The additional paid in capital has been re-named as share premium.
8. The interest paid and received and corporation tax payment is presented within the cash flow statement.
9. Payment for the acquisition of subsidiary is presented net of cash balance acquired on the cash flow statement.
10. The movement in the bad debt provision separately disclosed under US GAAP has been reclassified and included in the movement of trade and other receivables in the cash flow statement.

PART 4

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Set out below are the unaudited interim financial statements of the Company and its subsidiaries for the six months ended 30 June 2017, for which the directors of the Company are solely responsible.

Consolidated statement of comprehensive income

	Note	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Revenue	3	10,207	8,403
Cost of sales		(1,012)	(1,354)
Gross profit		9,195	7,049
Administrative expenses		(14,399)	(16,670)
Operating loss analysed as:			
Adjusted EBITDA*		(2,758)	(7,165)
Depreciation and amortisation		(1,452)	(1,574)
Share-based payment		(474)	(791)
Foreign exchange gains/(losses)		135	(91)
Exceptional items (included in administrative expenses)		(655)	—
Operating loss		(5,204)	(9,621)
Finance income		8	1
Finance expense		(1,220)	(285)
Loss before tax		(6,416)	(9,905)
Tax expense		(146)	(123)
Loss for the period attributable to equity holders of the parent company		(6,562)	(10,028)
Other comprehensive income/(losses)			
Items that will or may be reclassified to profit or loss			
Foreign currency translation gains		1,383	771
Net increase/(decrease) in fair value of cash flow hedge derivatives		(83)	33
Total comprehensive loss for the period attributable to equity holders of the parent company		(5,262)	(9,224)
Loss per share for loss attributable to the owners of the parent during the year			
Basic and diluted ($)		(0.24)	(0.36)

* Earnings before interest, tax, depreciation, amortisation, share-based payment, foreign exchange gains/(losses) and exceptional items.

Management has assessed this performance measure as relevant for the user of the accounts.

Consolidated statement of financial position

	Note	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Non-current assets			
Property, plant and equipment		470	593
Intangible assets		26,167	30,042
Deferred tax assets		823	—
Total non-current assets		27,460	30,635
Current assets			
Trade and other receivables		36,489	35,566
Derivative financial instrument		—	67
Cash and cash equivalents		7,133	12,965
Restricted cash		450	480
Total current assets		44,072	49,078
Total assets		71,532	79,713
Current liabilities			
Trade and other payables		54,762	53,698
Derivative financial instrument		69	—
Corporation tax liability		—	—
Loans and borrowings		6,696	10,200
Total current liabilities		61,527	63,898
Non-current liabilities			
Trade and other payables		86	74
Loans and borrowings		15,125	6,150
Total non-current liabilities		15,211	6,224
Total liabilities		76,738	70,122
Net (liabilities)/assets		(5,206)	9,591
Equity attributable to equity holders of the company			
Share capital	4	15	15
Share premium		119,813	117,970
Cash flow hedging reserve		(69)	67
Foreign exchange reserve		(1,814)	(2,441)
Retained losses		(123,151)	(106,020)
Total equity		(5,206)	9,591

Consolidated statement of changes in equity

	Share capital $'000	Share premium $'000	Cash flow hedging reserve $'000	Foreign exchange reserve $'000	Retained losses $'000	Total $'000
Equity as at 1 January 2016	15	117,161	34	(3,212)	(95,992)	18,006
Loss for the period	—	—	—	—	(10,028)	(10,028)
Other comprehensive income	—	—	33	771	—	804
Issue of 32,696 shares for options exercised	—	18	—	—	—	18
Share-based payment	—	791	—	—	—	791
Equity as at 30 June 2016	15	117,970	67	(2,441)	(106,020)	9,591
Equity as at 1 January 2017	15	119,315	14	(3,197)	(116,589)	(442)
Loss for the period	—	—	—	—	(6,562)	(6,562)
Other comprehensive income/ (losses)	—	—	(83)	1,383	—	1,300
Issue of 87,082 shares for options exercised	—	24	—	—	—	24
Share-based payment	—	474	—	—	—	474
Equity as at 30 June 2017	15	119,813	(69)	(1,814)	(123,151)	(5,206)

Consolidated statement of cash flows

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Operating activities		
Loss after tax	(6,562)	(10,028)
Add back:		
Tax expense	109	123
Amortisation of intangible assets	1,356	1,451
Depreciation of property, plant and equipment	96	123
Finance income	(8)	(1)
Finance expense	1,220	285
Exchange (loss)/gain	(1,956)	2,184
Share based payment expense	474	791
Operating loss before working capital changes	(5,271)	(5,072)
Decrease in trade and other receivables	2,930	7,833
Decrease in trade and other payables	(2,451)	(8,383)
Cash used in operations	(4,792)	(5,622)
Net cash used in operating activities	(4,792)	(5,622)
Investing activities		
Purchase of property, plant and equipment	(52)	(50)
Capitalisation of software development	(96)	(922)
Restricted cash	30	130
Net cash used in investing activities	(118)	(842)
Financing activities		
Proceeds from line of credit	1,435	4,905
Repayment of line of credit	(739)	—
Proceeds from Convertible Notes	—	6,150
Payments to finance lease creditors	(57)	(50)
Bank Interest paid	(196)	(229)
Issue of Common Shares	24	18
Net cash from financing activities	467	10,794
Net (decrease)/increase in cash and cash equivalents	(4,443)	4,330
Effect of foreign currency translation on cash and cash equivalent	254	(344)
Cash and cash equivalents at beginning of period	11,322	8,979
Cash and cash equivalents at end of period	7,133	12,965

Notes to the consolidated financial information

1. Corporate Information

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

Boku Inc. is a company incorporated and domiciled in the United States of America. The principal place of business of the Company is 2-6 Boundary Row, London, SE1 8HP, United Kingdom.

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

The Directors of the Company are responsible for the financial information and contents of the AIM admission document in which it is included. This is the first financial information to be prepared by the Group under International Financial Reporting Standards ("**IFRS**").

2. Accounting policies

Basis of preparation

The financial information of the Company has been prepared in accordance with IFRS standards, interpretations and amendments issued by International Accounting Standards Board ("**IASB**").

Presentation currency

The financial information of the Company is presented in US Dollar ("$") and rounded to the nearest thousand.

Standards and interpretations issued but not yet applied

At the date of authorisation of this financial information, the directors have reviewed the Standards in issue by the IASB and the International Financial Reporting Interpretations Committee ("**IFRIC**"), which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Company.

3. Segmental analysis

(a) Revenue from operations

	Six months ended 30 June 2017 $'000	**Six months ended 30 June 2016 $'000**
Revenue arises from:		
Provision of services	10,207	8,403

(b) Operating segment

For management purposes, the Group has one reportable segment – provision of a payment platform for the payment processing of virtual goods and digital goods purchases and groups all revenue from operations to this segment.

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

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Total Payment Volume (TPV)[1]	*611,672*	*211,423*
Revenue	10,207	8,403
Depreciation	(96)	(123)
Amortisation	(1,356)	(1,451)
Segment loss before exceptional items	(4,549)	(9,621)
Segment loss – exceptional items	(655)	—
Segment loss	(5,204)	(9,621)
Finance income	8	1
Finance expense	(1,220)	(285)
Group loss before tax	(6,416)	(9,905)

1 The TPV represents the value of transactions processed through its payment platform. The Group has disclosed this non-IFRS key performance indicator above as the management also uses this indicator to facilitate its decision-making on its business investments.

In the period to June 2017, there were four customers with revenue amounting to $6.7m (June 2016: two customers with revenue of $2.7m) where each customer representing 10% or more of the Group's revenue.

(c) Geographic segment – secondary basis

The Group does not have the geographical analysis of the revenue by location of the customers and the cost to produce this information would be excessive.

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

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
United States of America	4,269	5,205
Germany	21,838	24,546
Other European countries (including UK)	3	199
Rest of the World	527	685
Total	26,637	30,635

4. Share Capital

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

	30 June 2017		30 June 2016	
	Number of shares '000	$'000	Number of shares '000	$'000
Preferred Shares of $0.0001 each				
Series D-1	2,494	—	2,494	—
Series D	13,831	2	13,831	2
Series C	18,348	2	18,348	2
Series B	19,099	2	19,099	2
Series A-1	16,674	2	16,674	2
Series A	23,192	2	23,192	2
Series D-2	18,958	2	18,958	2
Closing balance	112,596	12	112,596	12
Common Shares of $0.0001 each				
Opening balance	27,559	3	27,503	3
Issue of shares	87	—	33	—
Closing balance	27,646	3	27,536	3

The share premium disclosed in the consolidated statement of financial position represents the difference between the issue price and nominal value of the shares issued by the Company.

Common Shares and various series of Preferred Shares are constituted separate classes of shares. The respective rights of these classes of shares are summarised below:

- Voting rights

Both classes of shares carry the right to one vote per share at general meetings, other than the Series D-1 Preferred Shares, which are non-voting.

- Dividend distribution

Both classes have rights with respect to dividend distribution if, when and as declared by the Board.

- Redemption and conversion

The Preferred Shares are not redeemable at the option of the holder. At the option of the holder, and in certain instances, automatically, each Preferred Share is convertible into fully paid and non-assessable Common Shares currently on a one-for-one basis, as adjusted in accordance with the conditions set out in the Certificate of Incorporation of the Company.

- Right to distribution of sales proceeds of the company's share capital

All the above classes of shares have rights to participate in distribution of the sale proceeds of the company's share capital or liquidation or dissolution or winding up in accordance with the order of distribution as set out in the Article of Association of the Company.

PART 5

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names and functions appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. THE COMPANY

2.1 The Company was incorporated and registered under the laws of the State of Delaware on 21 October 2008 with registered number 4611802 as a Delaware corporation with the name Vidicom Holdings Inc. The Company is domiciled in the State of Delaware, US. The Company changed its name to Boku, Inc. on 18 February 2009.

2.2 The principal legislation under which the Company operates is the Delaware Corporation Law.

2.3 The liability of the Company's shareholders is limited.

2.4 The principal place of business of the Company is 2-6 Boundary Row, London, SE1 8HP, United Kingdom.

2.5 The Company's web address at which information required by Rule 26 of the AIM Rules for Companies can be found is https://investors.boku.com.

3. ORGANISATIONAL STRUCTURE

3.1 The Company, which is the ultimate holding company of the Group, has the following subsidiaries:

Name	Country of incorporation	Proportion of ownership interests (%)
Boku Payments, Inc.	Delaware	100.0[1]
Boku Network Services, Inc.	Delaware	100.0[1]
Boku Account Services, Inc.	Virginia	100.0[1]
Boku Network Services AG	Germany	100.0[1]
Paymo Brazil Servicios de Pagamentos Ltda.	Brazil	100.0[2]
Boku Network Services UK, Limited	England	100.0[2]
Boku Account Services UK, Limited	England	100.0[3]
Mobileview Italia S.r.l.	Italy	100.0[4]
Boku Network Services AU Pty Ltd	Australia	100.0[2]
Spunk Media Private Limited	India	100.0[2]
Mindmatics Labs SRL	Romania	100.0[4]

1 Held by the Company
2 Held by Boku Network Services, Inc.
3 Held by Boku Account Services, Inc.
4 Held by Boku Network Services AG

4. SHARE CAPITAL OF THE COMPANY

4.1 As at the date of this document (prior to the Pre-IPO Reorganisation) the Company is authorised to issue up to 177,000,000 Common Shares and up to 117,927,080 Preferred Shares.

4.2 Changes in the amount of the issued share capital of the Company during the three years covered by the financial information set out in Part 3 of this document are as follows:

Share Capital	**As of 31 December 2014**	**As of 31 December 2015**	**As of 31 December 2016**
Common Shares	27,059,616	27,502,488	27,559,445
Preferred Shares, consisting of:			
Series A	23,191,767	23,191,767	23,191,767
Series A-1	16,674,015	16,674,015	16,674,015
Series B	19,099,279	19,099,279	19,099,279
Series C	18,348,052	18,348,052	18,348,052
Series D	13,831,260	13,831,260	13,831,260
Series D-1	2,493,520	2,493,520	2,493,520
Series D-2	18,957,717	18,957,717	18,957,717
Total Preferred Shares	112,595,610	112,595,610	112,595,610

4.3 The Company's issued share capital as at the date of this document (prior to the Pre-IPO Reorganisation) is:

Class	**Number**	**Par value per share ($)**
Common Shares	29,711,589	0.0001
Preferred Shares, consisting of:	112,595,610	0.0001
Series A Preferred Shares	23,191,767	0.0001
Series A-1 Preferred Shares	16,674,015	0.0001
Series B Preferred Shares	19,099,279	0.0001
Series C Preferred Shares	18,348,052	0.0001
Series D Preferred Shares	13,831,260	0.0001
Series D-1 Preferred Shares	2,493,520	0.0001
Series D-2 Preferred Shares	18,957,717	0.0001

4.4 The Company has the following Options and RSUs which will be outstanding as at the date of Admission:

Share Option	**Exercise price ($)**	**Outstanding Options and RSUs**
Options to subscribe to Common Shares under the 2009 Equity Incentive Plan	0.022 – 0.37	21,116,662
RSUs over Common Stock under the 2009 Equity Incentive Plan	Not applicable	9,538,986
Options to subscribe to Common Shares under the Assumed Paymo Plan	0.18 – 0.35	37,029
Options to subscribe for Common Shares (Non-Plan)	0.022	50,000

4.5 As at the date of this document (prior to the Pre-IPO Reorganisation), warrants to subscribe for a total of 1,672,093 Common Shares at exercise prices of between $0.20 and $0.86 are outstanding. The Khosla Warrants (as defined below) will be net exercised conditional upon but deemed effective immediately prior to Admission for up to a maximum of 594,149 Common Shares in connection with the Pre-IPO Reorganisation and the SVB Warrants (as defined below) will remain outstanding.

4.6 As at the date of this document (prior to the Pre-IPO Reorganisation), an aggregate balance of $17,120,112.86 is outstanding under the Convertible Notes which will, conditional upon but deemed effective immediately prior to Admission, convert into 44,052,101 Common Shares.

4.7 Assuming that the Placing is fully subscribed, immediately following Admission, the issued and fully paid up share capital of the Company will be as follows:

Date	Number of Preferred Shares issued and credited as fully paid	Number of Common Shares issued and credited as fully paid	Aggregate par value ($)
Date of this document	112,595,610	29,711,589	14,230.72
Date of Admission	—	213,487,177	21,348.72

4.8 Pre-IPO Reorganisation

Conditional upon but deemed effective immediately prior to Admission, the Board and the shareholders have approved the amendment and restatement of the Company's existing (pre-Placing) Certificate of Incorporation to: (i) authorise the allotment of additional Common Shares in connection with the Placing; and (ii) implement certain other changes to the existing Certificate of Incorporation and bylaws consistent with the terms of the Admission and the Placing (some of which are summarised in this document).

Pursuant to the Certificate of Incorporation and existing bylaws of the Company, and conditional upon but deemed effective immediately prior to Admission, the Board and the shareholders of the Company approved the: (1) issue: (i) up to 112,595,610 Common Shares in connection with the conversion of the Preferred Shares, (ii) up to an aggregate of 594,149 Common Shares upon exercise of the Khosla Warrants (as defined below); and (iii) up to 44,052,101 Common Shares upon conversion of the Convertible Notes; and (2) reserve up to 10,000,000 Common Shares for issuance pursuant to awards granted under the New Option Plan.

The holder of the SVB Common Shares Warrant dated 21 February 2013 (the "**SVB Warrant**"), is reserving its right to not exercise the conversion right set out in the SVB Warrant to purchase up to 872,093 Common Shares.

The following shall occur conditional upon Admission (but deemed to occur immediately prior to Admission):

(a) The holder of the Khosla Ventures III, LP Common Shares Warrant dated 8 September 2009, as amended on 2 September 2016 (the "**KV III Warrant**") shall exercise the subscription right to subcribe for Common Shares and shall be issued up to 112,888 Common Shares. The KV III Warrant will then have no further effect.

(b) The holder of the Khosla Ventures II, LP Common Shares Warrant dated 8 September 2009, as amended on 2 September 2016 (the "**KV II Warrant**") shall exercise the subscription right to subcribe for Common Shares and shall be issued up to 231,718 Common Shares. The KV II Warrant will then have no further effect.

(c) The holder of the Khosla Ventures Seed Side Fund, LP Common Shares Warrant dated 8 September 2009, as amended on 2 September 2016 (the "**KV Seed Side Warrant**") shall exercise the subscription right set out in the Warrant to subcribe for Common Shares and shall be issued up to 83,181 Common Shares. The KV Seed Side Warrant will then have no further effect.

(d) The holder of the Khosla Ventures Seed, LP Common Shares Warrant dated 8 September 2009, as amended on 2 September 2016 (the "**KV Seed Warrant**" and, together with the KV Warrant, the KV II Warrant and the KV Seed Side Warrant, the "**Khosla Warrants**") shall exercise the subscription right set out in the KV Seed Warrant and shall be issued up to 166,362 Common Shares. The KV Seed Warrant will then have no further effect.

(e) The Convertible Notes shall automatically convert into Common Shares pursuant to their terms, and the noteholder shall be issued a total of 44,052,101 Common Shares, as set out in paragraph 4.6 above, with the Convertible Notes thereon to be of no further force and effect.

(f) The Company's outstanding Preferred Shares held by each Shareholder will be converted into outstanding Common Shares immediately prior to Admission.

(g) The following agreements shall be terminated in accordance with their terms or by mutual agreement, as applicable, and shall no longer be of any force and effect:

(i) Amended and Restated Voting and Drag Along Agreement between the Company and various parties dated 30 August 2011, as amended by the Omnibus Amendment and Joinder Agreement between the Company and various parties dated 9 March 2012; and

(ii) Amended and Restated Shareholders' Agreement between the Company and various parties dated 30 August 2011, as amended by the Omnibus Amendment and Joinder Agreement between the Company and various parties dated 9 March 2012.

(h) The registration rights under the Amended and Restated Investors' Rights Agreement between the Company and various parties dated 30 August 2011, as amended by the Omnibus Amendment and Joinder Agreement between the Company and various parties dated 9 March 2012 (the "**Rights Agreement**"), will be waived with respect to the Placing Shares, and the information and preemptive rights in the Rights Agreement will be shall be terminated.

The par value of each Common Share shall remain US$0.0001 and shall not be adjusted in connection with the Pre-IPO Reorganisation.

On Admission, the New Common Shares will rank *pari passu* in all respects with the Existing Common Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission.

5. CREST

5.1 CREST is a paperless settlement system enabling title to securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument, in accordance with the CREST Regulations. However, as set out in paragraph 19 of Part 1, in the case of placees that are not US Persons and where such placees have asked to hold their Common Shares in uncertificated form, they will have their CREST accounts credited with Depositary Interests on the day of Admission. Note, however, that the Common Shares offered to non-US Persons in the Placing are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Common Shares. Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares. If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected. Furthermore, Common Shares held by "Affiliates" (as defined in Rule 403 of the US Securities Act) of the Company and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable.

5.2 The holders of the Common Shares will participate on a *pari passu* basis and proportionately to their shareholdings in all distributions of capital or income by the Company or any surplus arising on liquidation of the Company. There are no fixed dates for dividend payments on the Common Shares. Each Common Share affords the holder of such share the right to one vote. There are no restrictions on the transferability of the Common Shares.

5.3 The New Common Shares will be issued on Admission, which is expected to occur on 20 November 2017. The ISIN of the Common Shares is USU7744C1063.

6. DIRECTORS' INTERESTS

6.1 As at the date of this document (prior to the Pre-IPO Reorganisation) and immediately following Admission, the interests (within the meaning of sections 820 to 855 of the Act) of the Directors in the issued share capital of the Company are and will be:

	As at the date of this document		Immediately following the Pre-IPO Reorganisation, Placing and Admission[1]	
Name	**Number of Common Shares**	**Percentage of existing share capital**	**Number of Common Shares**	**Percentage of share capital**
Mark Britto	7,201,841	5.06%	7,766,511	3.64%
Jon Prideaux[2]	1,246,482	0.88%	1,265,126	0.59%
Stuart Neal	70,000	0.05%	70,000	0.03%
Richard Hargreaves	43,750	0.03%	577,405	0.27%
Keith Butcher	—	—	8,475	0.00%
Clint Smith	—	—	—	—

1 The figures relating to the percentage of the share capital are based on the assumption that all of the New Common Shares are subscribed for under the Placing and all of the Sale Shares are sold pursuant to the Placing.

2 For the purposes of calculating Jon Prideaux's interests, the figures also include the 16,949 Common Shares held by his wife, Lesley Anne Prideaux, and the 1,694 Common Shares held by his son, Edward Prideaux.

6.2 On Admission, the Directors will hold the following Options and RSUs:

	Options held on Admission		
	Date of grant	**Number of Common Shares under Option**	**Exercise price**
Jon Prideaux	28 October 2016	2,530,000	USD $0.28
Jon Prideaux	13 October 2017	2,000,000	USD $0.37[1]
Stuart Neal	26 July 2017	500,000	USD $0.37
Mark Britto	28 October 2016	3,546,901	USD $0.28
Richard Hargreaves	28 October 2016	31,250	USD $0.28

1 Mr. Prideaux is obliged to exercise certain of his options and sell some of the resultant Common Shares in order to repay a portion of a promissory note as detailed in paragraph 6.8 in this Part 5.

	Date of issue	Price at grant	Number of Common Shares under RSUs as at the date of this document	Number of Common Shares under RSUs as at Admission
Jon Prideaux	24 December 2013	USD $0.69	200,000	0
	27 January 2015	USD $0.55	1,000,000	0
	27 April 2016	USD $0.25	500,000	0
	28 October 2016	USD $ 0.28	750,000	0
Mark Britto	21 February 2013	USD $0.86	994,444	0
	27 April 2016	USD $0.25	500,000	0
	28 October 2016	USD $0.28	500,000	0
Stuart Neal	26 July 2017	USD $0.37	500,000	0

6.3 The Directors currently hold (in addition to their directorships of the Company) and have during the five years prior to the publication of this document held, the following directorships or partnerships:

Name	Current directorships/ partnerships	Previous directorships/ partnerships
Mark Britto	Boku Account Services UK Ltd Boku Network Services Inc Boku Payments Inc PayPal Holdings Inc. Amp Me, Inc. Angies List, Inc. CreditShop Incorporated Ing Stub, Inc. Linden Research, Inc. PayNearMe Inc.	Boku Network Services UK Ltd JustInvesting Limited Ingenio Inc. Sonder, Inc. PasswordBox, Inc. Nuest, Inc.
Jon Prideaux	Boku Account Services UK Ltd Boku Network Services UK Ltd Alternative Payments Limited PayPlug SA Boku AG Boku Network Services Inc	Selfserve (UK) Limited Shopcreator Services Limited
Richard Hargreaves	Owen Film Partnership LLP Endeavour Ventures Limited GCRYPT Ltd Endeavour Nominees Limited Blue Systems Limited Numecent Holdings Ltd Playjam Holdings Limited Endven Nominees Limited Flexiant Corporation Limited Flexiant Limited Roamer Labs Ltd Nalder Hill Heating Limited SSLP Group Ltd	Bishops Place Management Company Limited PPC Broadband Ltd Ebury Partners Limited Bedford Row VCT Plc Frank Guy Aircraft Interiors Limited Shopcreator Services Limited TXT2BUY Limited
Stuart Neal	Boku Account Services UK Ltd Boku Network Services UK Ltd	Zapp (Vocalink)
Keith Butcher		Blancco Technology Group Plc Blancco Trustees Limited Blancco (Software) Services Limited

Name	Current directorships/ partnerships	Previous directorships/ partnerships
		Blancco – UK Limited Blancco Trustsub Ltd Blancco Central Services Limited Blancco Finance Ltd Blancco Finance BV Blancco COÖPERATIEF WA Blancco (Software) Netherlands BV Blancco Finland Acquisitions Oy Blancco Oy Ltd Blancco Technology Group IP Oy Blancco Japan Inc Blancco Technology Group Sweden AB SafeIT Security AB Blancco APAC Pte Paysafe Group plc NetGroup Holdings Ltd Netadmin Limited Net ID Limited Paysafe Merchant Services Ltd NetB Limited Greenscroft Limited Jade Enterprises Ltd Lime Enterprises Ltd Duke Royalty UK Limited Tabernus Europe Limited Moo Print Ltd
Clint Smith	DataStax Inc BSA/The Software Alliance Business Software Alliance Index Ventures VIII Parallel Entrepreneur Fund (Jersey), L.P.	MySQL AB TrialPay Inc Yub Inc

6.4 Save as disclosed in paragraphs 6.5 – 6.7 below, none of the Directors has:

(a) any unspent convictions relating to indictable offences;

(b) had a bankruptcy order made against him or entered into any individual voluntary arrangements with his creditors;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company at the time of, or within the 12 months preceding, such events;

(d) been a partner of a firm which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner of that firm at the time of, or within 12 months preceding, such events;

(e) had any asset belonging to him made the subject of a receivership or been a partner of a partnership whose assets have been placed in receivership whilst he was a partner at the time of, or within 12 months preceding, such receivership; or

(f) been publicly criticised by any statutory or regulatory authorities (including any recognised professional body) or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.5 Jon Prideaux was a non-executive chairman of Self Serve (UK) Ltd which went into administration on 7 May 2015. Self Serve (UK) Ltd was subsequently dissolved on 16 August 2016. The assets were sold to employees who continue to trade. Mr. Prideaux underwent the standard investigations and there were no negative findings.

6.6 Mark Britto was a director of JustInvesting Limited which entered creditors voluntary liquidation on 11 November 2016. The assets of JustInvesting Limited were sold prior to dissolution.

6.7 Richard Hargreaves was a non-executive director of Flexiant Corporation Limited and Flexiant Limited which were both placed into administration on 5 July 2016 and were dissolved on 29 September and 28 September 2017 respectively.

6.8 There are no outstanding loans granted by the Company to any Director nor has any guarantee been provided by the Company for the benefit of any Director. A promissory note of $793,500 was issued to Jon Prideaux on 24 December 2013 in connection with the issue of 1,150,000 Common Shares to him. Mr. Prideaux is obliged to exercise certain of his options and sell some of the resultant Common Shares to repay a portion of the promissory note.

7. MAJOR INTERESTS

7.1 In addition to the interests of the Directors disclosed in paragraphs 6.1 and 6.2 above, insofar as is known to the Company and the Directors, the following persons as at the date of this document and immediately following the Placing and Admission are and will be interested in 3% or more of the issued share capital of the Company:

	As at the date of this document		Immediately following Admission	
Investor	**Number of existing shares[1]**	**Percentage of existing share capital**	**Number of common shares**	**Percentage of share capital[2]**
Benchmark Capital Partners VI, L.P.	17,452,595	12.3%	18,917,848	8.9%
Index Ventures IV (Jersey), L.P.	15,792,485	11.1%	7,141,654	3.4%
Index Ventures IV Parallel Entrepreneur Fund (Jersey), L.P.	1,499,038	1.1%	677,893	0.3%
Yucca (Jersey) SLP	139,448	0.1%	63,060	0.0%
Index Ventures (aggregated)	17,430,971	12.2%	7,882,607	3.7%
Khosla Ventures II, L.P.	5,431,350	3.8%	5,663,068	2.7%
Khosla Ventures III, L.P.	6,230,386	4.4%	7,466,610	3.5%
Khosla Ventures Seed Side Fund, LP	1,923,077	1.4%	2,364,439	1.1%
Khosla Ventures Seed, LP	3,846,154	2.7%	4,728,878	2.2%
Khosla Ventures (aggregated)	17,430,967	12.2%	20,222,995	9.5%
NEA Ventures 2011, Limited Partnership	9,221	0.0%	9,221	0.0%
New Enterprise Associates 13, Limited Partnership	11,516,828	8.1%	13,714,708	6.4%
NEA Ventures (aggregated)	11,526,049	8.1%	13,723,929	6.4%
DAG Ventures IV-A LLC	621,968	0.4%	758,236	0.4%
DAG Ventures IV-QP, L.P.	6,048,604	4.2%	7,373,808	3.5%
DAG Ventures IV, L.P.	639,231	0.4%	779,279	0.4%
Gamla Livförsäkringsaktiebolaget SEB Trygg Liv (publ)	1,329,055	0.9%	1,329,055	0.6%
DAG Ventures (aggregated)	8,638,858	6.1%	10,240,378	4.8%
Holtzbrinck Ventures GmbH & Co. KG	6,367,771	4.5%	—	—
Novavest Fund I LLC	6,246,545	4.4%	—	—
Deutsche Telekom Venture Funds GmbH	6,246,545	4.4%	6,147,715	2.9%
Andreessen Horowitz Fund I, L.P., as nominee	5,415,815	3.8%	5,415,815	2.5%
River & Mercantile	—	—	12,423,232	5.8%
Legal & General Investment Management	—	—	7,647,458	3.6%
Schroder Investment Management	—	—	6,414,237	3.0%
Total	**96,756,116**	**67.96%**	**109,036,214**	**51.1%**

1 This aggregates the existing Common Shares and different classes of Preferred Shares in issue at the date of this document.

2 The figures relating to the percentage of the share capital are based on the assumption that the Pre-IPO Reorganisation has occurred, all of the New Common Shares are subscribed for in the Placing and all of the Sale Shares are sold pursuant to the Placing.

7.2 The shares held by the Shareholders set out at paragraph 7.1 above rank *pari passu* with the Existing Common Shares and, in particular, have no different voting rights than other existing Shareholders.

7.3 The Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise, control over the Company. In addition, as far as the Company is aware, there are no arrangements in place, the operation of which may at a subsequent date result in a change of control of the Company.

8. DIRECTORS' TERMS OF APPOINTMENT

8.1 Set out below are summary details of the Company's terms of appointment with the executive Directors:

(a) Jon Prideaux (*Chief Executive Officer*) has served on the Board since 22 June 2014. Jon Prideaux entered into a service agreement with the Company on 1 May 2012. Jon Prideaux will receive an annual salary of £210,000 (subject to annual review by the Board) plus a discretionary bonus. Jon Prideaux's appointment is terminable at any time on three months' notice by either party (with a restrictive covenant period of six months). Jon Prideaux's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Jon Prideaux upon termination of his appointment.

(b) Stuart Neal (*Chief Finance Officer*) was appointed to the Board on 8 November 2017. Stuart Neal entered into a service agreement with the Company on 25 May 2017. Stuart Neal will receive an annual salary of £175,000 (subject to annual review by the Board). Stuart Neal's appointment is terminable at any time on three months' notice by either party (with certain restrictive covenant in force for periods between three and six months). Stuart Neal's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Stuart Neal upon termination of his appointment.

8.2 Set out below are summary details of the Company's terms of appointment with the non-executive Directors:

(a) Mark Britto (*Non-Executive Chairman*) has been appointed to the Board pursuant to the terms of an appointment letter dated 30 August 2017. Mark Britto's appointment is for an initial period of 12 months and thereafter shall continue unless terminated by either Mark Britto or the Company by giving two months' prior written notice. The annual fee payable to him is $60,000.

(b) Richard Hargreaves (*Non-Executive Director*) has been appointed to the Board pursuant to the terms of an appointment letter dated 8 August 2017. Richard Hargreaves' appointment is for an initial period of 12 months from Admission, and thereafter shall continue unless terminated by either Richard Hargreaves or the Company by giving two months' prior written notice. The annual fee payable to him is £35,000 (including the £5,000 annual fee payable to him in respect of his role as chairman of the remuneration committee).

(c) Keith Butcher (*Non-Executive Director*) has been appointed to the Board pursuant to the terms of an appointment letter dated 25 July 2017. Keith Butcher's appointment is for an initial period of 12 months from Admission, and thereafter shall continue unless terminated by either Keith Butcher or the Company by giving two months' prior written notice. The annual fee payable to him is £35,000 (including the £5,000 annual fee payable to him in respect of his role as chairman of the audit committee).

(d) Clint Smith (*Non-Executive Director*) has been appointed to the Board pursuant to the terms of an appointment letter dated 24 September 2017. Clint Smith's appointment is for an initial period of six months from Admission until 30 April 2018. The annual fee payable to him is £35,000 (including the £5,000 annual fee payable to him in respect of his role as chairman of the audit committee) paid in arrears on a monthly basis and the notice period for either party is two months.

8.3 Pursuant to the Certificate of Incorporation, the Board is divided into three classes, as nearly equal in number as possible, designated: Class I, Class II and Class III (the "**Classified Board**"). Details of the Classified Board are set out in paragraph 9.10 of Part 5 of this document. Clint Smith and Keith Butcher have been appointed as Class I directors for an initial term of one year, Stuart Neal and Richard Hargreaves have been appointed as a Class II directors for an initial term of two years, and Mark Britto and Jon Prideaux have been appointed as a Class III directors for an initial term of three years.

8.4 No amount has been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors. Save for any payments to the Directors on termination in lieu of notice, no benefits on termination are payable by the Company.

9. CERTIFICATE OF INCORPORATION AND BYLAWS

The following is a summary of certain provisions of the Company's Certificate of Incorporation, Bylaws and provisions of the Delaware Corporation Law that apply to the Company as in effect from Admission. Certain provisions have been incorporated into the Certificate of Incorporation and Bylaws to enshrine rights that are not conferred by the provisions of Delaware Corporation Law, but which the Company believes Shareholders would expect to see in a company whose shares are admitted to trading on AIM. Reference is made to the actual Certificate of Incorporation.

9.1 Objects

The Company may, and is authorised by its Certificate of Incorporation to, engage in any lawful act or activity for which corporations may be engaged in under the Delaware Corporation Law.

9.2 Authorised Shares

The Certificate of Incorporation authorises the Company to issue one class of share to be designated Common Shares.

9.3 Common Shares

(a) Voting Rights

Each holder of Common Shares is entitled to one vote for each share of Common Shares held by such holder. The Bylaws provide that the holders of a majority of all Common Shares entitled to vote on a matter, represented by Shareholders of record in person or by proxy, shall constitute a quorum for the transaction of business, unless otherwise required by law. If a quorum is present at a meeting of the Shareholders, then, other than for the election of directors, the affirmative vote of a majority of the Common Shares represented and voting shall be the act of the Shareholders, unless the vote of a greater number of Shareholders of voting classes is required by law, the Company's Certificate of Incorporation or the Bylaws. Unless otherwise required by law or the Certificate of Incorporation, the Bylaws provide that the election of directors shall be decided by a plurality of the votes present in person or represented by proxy at the meeting entitled to vote in the election. Unless otherwise provided by applicable law, the Certificate of Incorporation or the Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter.

(b) Issue of Common Shares

The Company may issue Common Shares from time to time for such consideration as may be fixed by the Board in accordance with the Certificate of Incorporation and the Delaware Corporation Law.

9.4 Dividends

Holders of Common Shares are entitled to receive dividends, when, as and if declared by the Board out of funds legally available for such purposes. Dividends may be paid in cash, in property or in Common Shares, unless otherwise provided by applicable law or the Certificate of Incorporation.

9.5 Rights upon liquidation, dissolution or winding-up

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Common Shares shall be entitled to receive all the assets of the Company available for distribution to its Shareholders, ratably in proportion to the number of Common Shares held by them.

9.6 Pre-emption rights

The Certificate of Incorporation provides that, subject to the Delaware Corporation Law and so long as the Common Shares is listed on AIM or the London Stock Exchange and unless otherwise determined in a general meeting by Shareholders holding at least 75% of the voting power of the then outstanding share capital, then the Company shall not issue any new Company securities (the "**New Securities**") unless it has first made an offer to each Shareholder (unless waived by such Shareholder) to sell to the Shareholders a *pro rata* share of such New Securities on substantially the same or more favorable terms (the "**Preemptive Rights**"). The Preemptive Rights are subject to such exclusions or other arrangements as the Board may deem necessary or expedient. The Preemptive Rights shall not apply to certain issuances of New Securities set forth in the Certificate of Incorporation, including (among others) the authorisation and/or issuance for cash of New Securities provided that the nominal amount of such shares or the shares into which such New Securities may be converted, during any 12 month period, does not exceed, in aggregate, 10% of the outstanding Common Shares as of the first day of such 12 month period.

9.7 Meetings of Shareholders

The Bylaws provide for an annual or special meeting of Shareholders called in accordance with the Bylaws and the DGL.

The Bylaws provide that, unless the directors are elected by written consent in lieu of an annual meeting in accordance with the Delaware Corporation Law, for an annual meeting of the Shareholders shall be called for the election of directors and for the transaction of such other business as may properly come before the meeting. A special meeting of the Shareholders for any purpose or purposes may be called at any time by a resolution adopted by a majority of the total number of authorised directors, (the "**Whole Board**").

9.8 Notices of Shareholder Meetings

The Bylaws provide for notice to Shareholders to be in writing (mailed to the Shareholders or delivered personally) or by electronic transmission in accordance with applicable law and the Bylaws. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of meetings of Shareholders shall be given not less than ten, nor more than 60, days before the date of the meeting to each Shareholder entitled to vote at such meeting. Notice of any meeting need not be given to any Shareholders who shall, either before or after the meeting, submit a waiver of notice or who shall attend such meeting, except when the Shareholders attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any Shareholders so waiving notice of the meeting shall be bound by the proceedings of the meeting in all respects as if due notice had been given.

9.9 Method of appointing proxy

Shareholders of record may vote at any meeting by appointing a proxy in accordance with applicable laws and the Bylaws.

9.10 Directors

(a) Powers of Directors

Subject to the provisions of the Certificate of Incorporation, the Bylaws and applicable law, the business and property of the Company shall be managed by the Board.

(b) Number of Directors

The Certificate of Incorporation provides that the number of directors constituting the Board will be the then-authorised number of directors fixed from time to time by a resolution adopted by the Whole Board. Pursuant to the Bylaws, the number of authoised directors on the Board shall initially consist of six directors.

(c) Classified Board

Pursuant to the Certificate of Incorporation, the Board is divided into three classes, as nearly equal in number as possible, designated: Class I, Class II and Class III (the "**Classified Board**"). Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the Whole Board. The Board may assign members of the Board already in office to the Classified Board, which assignments shall become effective at the same time the Classified Board becomes effective. Directors shall be assigned to each class in accordance with a resolution adopted by the Board, with the number of directors in each class to be divided as nearly equal as reasonably possible. The initial term of office of the Class I directors shall expire at the Company's first annual meeting of Shareholders following Admission, the initial term of office of the Class II directors shall expire at the Company's second annual meeting of Shareholders following Admission and the initial term of office of the Class III directors shall expire at the Company's third annual meeting of Shareholders following Admission. At each annual meeting of Shareholders following Admission, directors re-appointed and/or directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of Shareholders after their election.

(d) Director terms and removal

Each director shall hold office until such director's successor is duly elected and qualified, or, if earlier, such director's death, resignation or removal. Any director may resign at any time upon written notice to the Company or by any electronic transmission permitted in the Bylaws. No director may be removed except for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of the then-outstanding share capital of the Company. No decrease in the authorised number of directors constituting the Board shall shorten the term of any incumbent director.

(e) Vacancies

Any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorised number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by the Shareholders. Any director so elected shall hold office for a term expiring at the annual meeting of Shareholders at which the term of office of the class to which the director has been assigned expires and until such director's successor is elected and qualified, or, if earlier, such director's death, resignation or removal.

(f) Board Action without a Meeting

The Bylaws provide that, unless otherwise restricted by the Certificate of Incorporation or the Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting by the consent in writing of all the directors or members of the committee as the case may be (such written consents to be filed with the minutes of proceedings of the Board).

(g) Meetings of Directors

The Bylaws provide that regular meetings of the Board may be held at any place or time that the Board determines. Special meetings of the Board may be called by the chairperson of the Board, the president, or a majority of the directors then in office with at least 24 hours' notice to each director or if the motion is sent by mail, it must be deposited in the mail at least four days before the time of the holding of the meeting. A majority of the directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors at a meeting of the Board where a quorum is present is regarded as an act of the Board except as otherwise required by the Bylaws, applicable law or the Certificate of Incorporation.

(h) Board Committees

Pursuant to the Bylaws and the Delaware Corporation Law, the Board may designate one or more committees, each committee to consist of one or more of the directors of the Company

9.11 Officers

The officers of the Company consist of a Chief Executive Officer (who may also be the president), a secretary, and a treasurer, and may also consist of such other officers, including a Chief Financial Officer, Chief Technology Officer and one or more vice presidents as may from time to time be appointed by the Board. All officers of the Company are appointed by the Board, provided that the Board may empower the Chief Executive Officer to appoint any officer with the exception of the Chairperson, the Chief Executive Officer, the president, the Chief Financial Officer or the treasurer. Any number of offices may be held by the same person.

9.12 Exculpation and Indemnification of officers, directors, employees and other agents

The Certificate of Incorporation provides that a Director (to the fullest extent permitted by law) will not be personally liable to the Company or its Shareholders for monetary damages for breach of fiduciary duty as a director.

The Certificate of Incorporation also provides that, to the fullest extent permitted by Delaware Corporation Law and other applicable law, the Company is authorised to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware Corporation Law.

The Bylaws further provide that each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), shall be indemnified and held harmless by the Company to the fullest extent permitted by the Delaware Corporation Law against all expenses, liability and loss reasonably incurred or suffered by such indemnitee. Notwithstanding the foregoing, the Company shall indemnify any such indemnified person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such indemnified person only if the Proceeding was authorised by the Board. The Bylaws also require the Company to pay all expenses (including attorneys' fees) incurred by an indemnified person in defending any such Proceeding as they are incurred in advance of its final disposition, subject to limitations and repayment as provided in the Bylaws.

9.13 Disclosure of significant shareholdings

The Certificate of Incorporation provides that a person must notify the Company, subject to the Delaware Corporation Law, the Exchange Act (if the Company has any equity securities under the Exchange Act) and any applicable SEC regulations or other law, where the person acquires an aggregate nominal value of the Company's securities which carry voting rights in which such person's interest is equal to or more than 3%, of such securities and of any subsequent relevant change to their holdings (being a 1% incremental increase or decrease while their holdings are above the 3% threshold) so that these disclosures can be properly notified to AIM by the Company.

9.14 Right to refuse transfers of Common Shares

The Bylaws provide that the Company, and any transfer agents designated to transfer shares the Company, shall have the authority to refuse to register any transfer of Common Shares that (a) does not comply with Regulation S of the US Securities Act; (b) is not made under a registration statement as set out under the US Securities Act; or (c) is not made pursuant to an exemption from the registration requirements set out under the US Securities Act.

9.15 Amendments to Certificate of Incorporation and Bylaws

The Certificate of Incorporation may be amended in the manner prescribed by the Delaware Corporation Law provided that (i) in addition to any vote of the Shareholders required by law or by the Certificate of Incorporation, the affirmative vote of the Shareholders of at least two-thirds of the voting power of all of the then-outstanding share capital of the Company entitled to vote shall be required; and (ii) if two-thirds of the Whole Board has approved such amendment or repeal of any provisions of the Certificate of Incorporation, then only the affirmative vote of the Shareholders of at least a majority of the voting power of all of the then-outstanding share capital of the Company entitled to vote, shall be required to amend or repeal such provisions of the Certificate of Incorporation.

The Certificate of Incorporation provides that the Board shall have the power to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board shall require the approval of a majority of the Whole Board. The Shareholders shall also have power to adopt, amend or repeal the Bylaws provided that (i) in addition to any vote of the Shareholders of the Company required by law or by the Certificate of Incorporation, the affirmative vote of the Shareholders of at least two-thirds of the voting power of all of the then-outstanding share capital of the Company entitled to vote generally shall be required; and (ii) if two-thirds of the Whole Board has approved such adoption, amendment or repeal of any provisions of the Bylaws, then only the affirmative vote of the Shareholders of a majority of the voting power of all of the then-outstanding share capital of the Company entitled to vote, shall be required to adopt, amend or repeal any provision of the Bylaws.

9.16 Takeovers

The Certificate of Incorporation provides that, subject to the Delaware Corporation Law, the US Securities Act, the Exchange Act (if the Company has a class of equity securities registers under the Exchange Act) and any applicable SEC rules and regulations, if a person (i) acquires Common Shares which (taken together with securities held or acquired by persons acting in concert with such person) represent 30%, or more of the voting rights attaching to the issued Common Shares, or (ii) (together with persons acting in concert with such person) holds not less than 30%, but not more than 50%, of the voting rights attaching to the issued Common Shares and such person, or any person acting in concert with such person, acquires additional securities, which will increase such person's percentage holding of such voting rights, then any such person (and any persons acting in concert with such person) must make a written cash offer to the holders of all of the Common Shares to acquire the outstanding Common Shares subject to the terms and conditions set forth in the Certificate of Incorporation. These takeover provisions will cease to apply if the Common Shares ceases to be admitted to trading on AIM.

9.17 Section 203 Waiver

The Company has elected not to be governed by Section 203 of the Delaware Corporation Law.

9.18 Choice of Forum

The Certificate of Incorporation provides that, unless otherwise consented to by the Company, the Court of Chancery of the State of Delaware, United States of America, shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company; (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's shareholders; (c) any action asserting a claim against the Company arising pursuant to any provision of the Delaware Corporation Law, the Certificate of Incorporation or the Bylaws; (d) any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Company governed by the internal affairs doctrine. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the US Securities Act, or under the rule of the AIM or the London Stock Exchange.

10. SQUEEZE-OUT RULES RELEVANT TO THE HOLDERS OF COMMON SHARES AS SET OUT IN THE DELAWARE CORPORATION LAW

10.1 Sections 256 and 267 of the Delaware Corporation Law outlines the procedures by which the holder of at least 90% of the outstanding shares of each class of the stock of the corporation of which there are outstanding shares that, absent Section 253 or 267 of the Delaware Corporation Law, would be entitled to vote on such merger, may consummate a short-form merger to squeeze out the remaining Shareholders without a vote of such Shareholders. Generally, sections 267 and 267 allow the parent entity to merge the subsidiary corporation into itself, to merge itself into the subsidiary corporation, or to merge both itself and the subsidiary corporation into a third corporation or other entity. If the surviving corporation in themerger is the parent corporation, a short-form merger effected pursuant to section 253 is generally effected unilaterally by the adoption of a resolution by the board of directors of the parent company and the filing of a certificate of ownership and merger with the Secretary of

State of the State of Delaware. A short-form merger effected pursuant to Section 267 is generally effected unilaterally by the parent entity in accordance with its governing documents and the laws of the jurisdiction under which such entity was formed and the filing of a certificate of ownership and merger with the Secretary of State of the State of Delaware. A Shareholder who is squeezed-out pursuant to a merger under Section 253 or 267 would be entitled to appraisal rights under Section 262 of the Delaware Corporation Law (as discussed below) in connection with the squeeze-out merger. However, no resolution of the Board or the Shareholders would be required to effect the squeeze-out merger.

10.2 Appraisal rights under Section 262 of the Delaware Corporation Law are a statutory remedy intended to provide Shareholders who dissent from a merger with an independent judicial determination of the fair value of their shares. Except for certain circumstances in which appraisal rights are not available, appraisal rights are generally available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation. A Shareholder who does not wish to accept the consideration being offered in the merger or consolidation may exercise their appraisal rights by not voting in favor of the merger or consolidation nor consenting thereto in writing and complying in all respects with Section 262. A Shareholder who properly exercises and does not waive, fail to perfect or otherwise lose such appraisal rights, will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of an amount equal to the ''fair value'' of such shares as determined by such court, exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, as determined by such court. The ''fair value'' as determined by the Delaware Court of Chancery could be greater than, less than or the same as the consideration payable in the merger or consolidation.

11. EMPLOYEE SHARE OPTIONS

11.1 The Group has in place the Share Option Plan, under which Options are outstanding over the Common Shares in the Company and pursuant to which restricted stock units and restricted share awards have been made.

11.2 A summary of the material provisions of the Share Option Plan is set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

(a) Eligibility

Employees (including officers and directors who are also employees) of the Company or of a parent or subsidiary of the Company may be granted incentive stock options (US tax favoured options).

Non-qualified share options, restricted stock units and restricted share awards may also be granted to employees, officers, directors and consultants of the Company or any parent or subsidiary of the Company (provided such consultants and directors render *bona fide* services not in connection with the offer and sale of securities in a capital raising transaction).

(b) Grants of Options

The Board or the remuneration committee of the Board may grant Options (or other awards) to eligible persons.

(c) Exercise/Purchase price

The exercise price of the Options is determined by the committee when an Option is granted and shall not be less that the fair market value of the Common Shares on the date of the grant unless expressly determined in writing by the committee in approving the grant.

The purchase price of Common Shares under a restricted share award will be determined by the committee, but will not be less than the par value of the shares to be sold.

(d) Restrictions on restricted stock units

Restricted stock units shall be subject to such special forfeiture conditions, rights of re-purchase, rights of first refusal and other transfer restrictions as the Board may determine.

(e) Limitations on exercise of Options

The Committee may specify a reasonable number of Common Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent an option holder from exercising the Option for the full number of Shares for which it is then exercisable.

(f) Limitations on incentive share options

The aggregate fair market value of the Common Shares with respect to which incentive share options are exercisable for the first time by an option holder during any calendar year will not exceed $100,000.

(g) Limitations on UK enterprise management incentive options

No UK enterprise management incentive options shall be granted if, following such a grant, the total value of Common Shares subject to unexercised UK enterprise management incentive options exceeds £3 million. No individual may be granted UK enterprise management incentive options if, following such a grant, the total number of Common Shares they may receive would exceed £119,999 in value.

(h) Total number of Common Shares available

As of the date of this document the total number of Common Shares reserved and available for grant and issuance pursuant to the Share Option Plan is 374,033, or such lesser number of Common Shares as permitted by applicable law.

(i) Exercise of Options

The vesting schedule is normally over four years with 25% vesting on the first anniversary and the remaining 75% vesting monthly over three years. Options may be exercised immediately but subject to repurchase, or may be exercisable within the times or upon the events determined by the Committee as set out in the relevant share option agreement provided that no Option will be exercisable after the expiration of ten years from the date the Option is granted.

No incentive share option granted to a person who directly or by attribution owns more than 10% of the total combined voting power of the Company or of any parent or subsidiary of the Company will be exercisable after the expiration of five years from the date of grant of the incentive share option.

(j) Employees leaving the Company

If an employee leaves employment for any other reason than death, disability or for cause then the option holder may exercise such option holder's Options only to the extent that such Options are exercisable or vested as at the date of leaving employment or as otherwise determined by the committee within three months of leaving employment (or any shorter period not less than thirty days or longer period up to five years as determined by the committee).

If an employee is terminated because of the option holder's death or disability then the option holder's Options may be exercised only to the extent that such Options are exercisable or vested by the option holder on the termination date (or as otherwise determined by the Committee) within 12 months of such termination date (or any shorter period not less than thirty days or longer period up to five years as determined by the Committee). If an option holder dies, any UK enterprise management incentive options will lapse 12 months following the date of death.

If the option holder is terminated for cause, the option holder's Options shall lapse on such option holder's termination date, or at such later time and on such conditions as are determined by the committee.

(k) Transferability

Except as permitted by the committee, awards granted under the Share Option Plan will not be transferable or assignable by an option holder, other than by will or by the laws of descent and distribution.

(l) Corporate transactions and Admission

Under a change of control any acquiring company may assume, convert or replace the Options (or any awards under the Share Option Plan) and in the absence of such assumption, conversion or replacement, the Options will accelerate fully and be exercisable. The exercisability of the Options is not affected by an Admission and there is no acceleration of vesting at Admission. Options shall continue to vest.

(m) Amendment

The Board may at any time amend the Share Option Plan in any respect, including without limitation amendment of any form of award agreement provided that the Board will not amend the Share Option Plan in any manner that requires Shareholder approval without obtaining Shareholder approval.

(n) Elections

The committee may, as a condition of a UK option holder exercising an Option, require the option holder to enter into an election to transfer the liability for the secondary contributor's national insurance contributions that may arise on the exercise of an Option from the employer to the option holder.

The committee may also require a UK option holder to enter into a section 431 election under the Income Tax (Earnings and Pensions) Act as a condition of exercising an Option.

(o) Termination

The Board may at any time terminate the Share Option Plan and it will expire by its terms on 11 March 2019.

11.3 No other options will be granted under the Share Option Plan following Admission.

11.4 As at the date of this document (prior to the Pre-IPO Reorganisation), the number of Common Shares under option or subject to restricted stock units or restricted share awards pursuant to the Share Option Plan is 32,069,681.

11.5 Following Admission, the Company intends to adopt the New Option Plan. A summary of the material provisions of the current draft of the New Option Plan is set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

(a) Eligibility

Employees (officers and directors of the Company or of a parent or subsidiary or affiliate of the Company) may be granted incentive stock options (US tax favoured options).

All other awards, including Options, restricted shares, share bonus, share appreciation rights, restricted stock units or awards of performance shares may be granted to employees, officers, directors, non-employee directors and consultants of the Company or any parent or subsidiary or affiliate of the Company (provided such directors, non-employee directors and consultants render *bona fide* services not in connection with the offer and sale of securities in a capital raising transaction).

(b) Grants of options

A remuneration committee of the Board, or the Board itself acting as the committee, may grant Options (or other awards) to eligible persons. The committee may grant and establish the terms for the grant of awards to all eligible employees except non-employee directors. The terms for grant of awards to non-employee directors will be established by the Board. The committee will determine the performance conditions for the options granted to directors and senior management.

(c) Exercise/Purchase price

The exercise price of the Options is determined by the committee when an Option is granted and shall not be less than 100% of the fair market value of the shares on the date of the grant. The exercise price of any incentive share option granted to a ten percent Shareholder shall not be less than 110% of the fair market value of the shares on the date of grant.

The purchase price of shares under a restricted share award will be determined by the committee, but will not be less than the fair market value of the restricted share award on the date of grant. The exercise price of a share appreciation right will be determined by the committee, but will not be less than the fair market value of the shares on the date of grant.

(d) Restrictions on restricted stock units and share bonus awards

Restricted stock units and share bonus awards shall be subject to such restrictions as the compensation committee of the Board may determine. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of certain performance factors selected by the committee and specified in an option holder's award agreement.

(e) Restrictions on share appreciation rights

Share appreciation rights granted to directors and senior managers shall be subject to restrictions based on the satisfaction of certain performance factors over an established performance period and as specified by the remuneration committee of the Board.

(f) Limitations on Exercise of Options

The Committee may specify a minimum number of shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent an option holder from exercising the Option for the full number of Shares for which it is then exercisable.

(g) Limitations on incentive stock options

To the extent that the aggregate fair market value of the shares with respect to which incentive stock options are exercisable for the first time by an option holder during any calendar year exceeds $100,000, such options will be treated as nonqualified share options

(h) Total number of shares available

Following Admission, the total number of shares reserved and available for grant and issuance pursuant to the New Option Plan is 10,000,000. There is a restriction on the dilution whereby not more than 10% of the issued share capital can be under option for any ten year period following Admission and not more than 5% can be under option for executive Options in relation to the New Option Plan, provided that the 5% limit does not apply to certain performance based vestine awards. These limits do not apply to options or other awards granted under the Share Option Plan.

(i) Exercise of Options

The vesting schedule is normally over four years with 25% vesting on the first anniversary and the remaining 75% vesting monthly over three years. Options may be exercised immediately but subject to repurchase, or may be exercisable within the times or upon the events determined by the Committee as set out in the relevant share option agreement provided that no Option will be exercisable after the expiration of 10 years from the date the Option is granted.

No incentive stock option granted to a person who directly or by attribution owns more than 10% of the total combined voting power of the Company or of any parent or subsidiary of the Company will be exercisable after the expiration of 5 years from the date of grant of the incentive stock option.

The option agreements for directors and senior management will have provisions that they will only be able to exercise Options after a 3 year performance period.

(j) Employees leaving the Company

If an employee leaves employment for any reason other than death, disability or for cause then the option holder may exercise such option holder's Options only to the extent that such Options would have been exercisable by the option holder within three months of leaving employment (or any shorter or longer period as determined by the committee), but in any event no later than the expiration date of the Options.

If an employee is terminated because of the option holder's death or disability, then the option holder's Options may be exercised only to the extent that such Options are vested by the option holder on the termination date (or as otherwise determined by the committee). Such Options must be exercised by the option holder's representative within twelve months of such termination date (or any shorter or longer period as determined by the committee, but in any event not later than the expiration date of the Options). If the option holder is terminated for cause, the option holder's Options shall lapse on such option holder's termination date, or at such later time and on such conditions as are determined by the committee, but in any event no later than the expiration date of the Options.

It is proposed that the option agreements for directors and senior management will have different exercisability provisions for leavers. There will be good leaver provisions to only permit exercise if individuals are leaving due to ill-health, injury, disability, retirement or redundancy or where the committee uses its discretion to determine that an individual is a good leaver.

(k) Transferability

Except as permitted by the compensation committee of the Board, or pursuant to an award transfer program (the terms and conditions of which are to be determined by the committee and in any case approved by Shareholders), options granted under the New Option Plan will not be able to be sold, pledged, assigned, hypothecated, transferred or disposed of by an option holder, other than by will or by the laws of descent and distribution.

(l) Corporate transactions

Under a change of control any acquiring company may continue, assume, or replace the Options (or any awards under the New Option Plan), accelerate the exercisability or vesting of an Option, settle the full value of an Option, or cancel an Option for no consideration. Options held by directors or senior management may not be accelerated and shall only vest to the extent the option holder has satisfied performance conditions at the time of the transaction.

(m) Amendment

The Board may at any time amend the New Option Plan in any respect, including without limitation amendment of any form of award agreement provided that the Board will not amend the New Option Plan in any manner that requires Shareholder approval and that an option holder's award is governed by a version of the New Option Plan that is in effect at the time the award is granted. No amendment shall adversely affect any outstanding awards without the option holder's consent, unless such amendment is necessary to comply with applicable law.

(n) Termination

The Board may at any time terminate the New Option Plan, but no termination which may adversely affect an option holder's outstanding award shall occur without the option holder's consent, unless such termination is necessary to comply with applicable law. The New Option Plan will terminate ten years from the date adopted by the Board.

12. LITIGATION

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings during the previous 12 months and, so far as the Directors are aware, no such proceedings are pending or threatened against any member of the Group which may have, or have had, a significant effect on the Group's financial position or profitability.

13. EMPLOYEES

The Group employed 170 people during the financial year ended 31 December 2014, 151 people during the financial year ended 31 December 2015 and 154 people during the financial year ended 31 December 2016.

As at 30 June 2017, the Group had 148 employees as follows:

Activity	Number of Employees
Commercial	22
Operations	24
Technology	63
Product and Marketing	6
Legal, Compliance, Finance, HR & Admin	29
Executive Management	4

14. WORKING CAPITAL

The Directors, having made due and careful enquiry, are of the opinion that, taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Group will be sufficient for its present requirements, that is for at least 12 months from Admission.

15. SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2017, the date to which the unaudited interim historical financial information on the Group set out in Part 4 of this document was prepared.

16. UNITED KINGDOM TAXATION

16.1 *Introduction*

(a) The following paragraphs are intended as a general guide, based on current UK tax legislation and published HM Revenue and Customs practice as at the date of this document, in relation to the UK tax position of Shareholders who are resident or ordinarily resident in the UK for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account ("**ISA**")). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time, potentially with retroactive effect.

(b) The following paragraphs do not constitute tax advice. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below. In particular, Shareholders who receive shares in connection with an employment contract or as an office holder, in either case whether with the Company or otherwise, should seek specific advice on their tax position. **Any Shareholder who is in any doubt as to their tax position, or who is subject to tax in a jurisdiction other than the UK, is strongly recommended to consult their own professional advisers.**

16.2 *Taxation of dividends*

(a) Under UK taxation legislation, no tax is required to be withheld at source from dividend payments made by the Company.

(b) With effect from 6 April 2016, the previous system of dividend tax credits was abolished and replaced with a new tax-free allowance for individuals of £5,000 in dividend income per tax year. Dividends falling within this allowance will not be subject to income tax. Dividend income in excess of the tax-free allowance will be taxed at the following rates:

   (i) 7.5% (basic rate taxpayers);

   (ii) 32.5% (higher rate taxpayers); and

   (iii) 38.1% (additional rate taxpayers).

(c) However, as announced in Spring Budget 2017, Finance Bill 2017-19 contains provisions reducing the dividend allowance to £2,000 with effect from 6 April 2018.

(d) Shareholders that are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own particular circumstances, although it would normally be expected that (subject to exceptions for certain insurance companies and companies which hold shares as trading shares) a corporate Shareholder resident in the UK for tax purposes should generally not be subject to corporation tax on dividend payments received from the Company. Regardless of whether dividends fall within an exempt class, such Shareholders will not be entitled to a tax credit attaching to the dividend.

(e) Trustees of discretionary trusts are liable to account for income tax on any dividend paid to them at the dividend trust rate of 38.1%.

(f) UK pension funds and charities are generally exempt from tax on dividends that they receive.

(g) Shareholders resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders not resident in the UK should consult their own tax adviser on the application of such provisions and the procedure for claiming relief, if available.

16.3 *Taxation of capital gains for Shareholders*

(a) To the extent that a Shareholder acquires Common Shares allotted to him, the Common Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Common Shares will generally constitute the base cost of a Shareholder's holding.

(b) A disposal or deemed disposal of Common Shares by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("**CGT**") (where the Shareholder is an individual or a trustee of a settlement) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

(c) As regards an individual Shareholder or trustees of settlements, the principal factors that will determine the extent to which a gain will be subject to CGT are: (i) the extent to which they realise any other capital gains in the tax year of assessment in which the gain arises; (ii) the extent to which they have incurred capital losses in that or any earlier tax year or assessment; and (iii) the level of annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

(d) Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Common Shares by UK resident individuals, trustees and personal representatives will generally be subject to CGT at the rate of 20%. However, individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to CGT at the rate of 10%, except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to CGT at the rate of 20%.

(e) Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Common Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the prevailing rate of 19%. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a chargeable loss.

16.4 *Stamp duty and stamp duty reserve tax* ("**SDRT**")

(a) No stamp duty or SDRT will generally be payable on the issue of the New Common Shares.

(b) Neither UK stamp duty nor SDRT should arise on the transfer of Common Shares on AIM (including instruments transferring Common Shares and agreements to transfer Common Shares) based on the following assumptions:

(i) the Common Shares are admitted to trading on AIM but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(ii) AIM continues to be accepted as a "recognised growth market" (as construed in accordance with section 99A of the Finance Act 1986).

(c) In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Common Shares in certain circumstances, at the rate of 0.5%. of the amount or value of the consideration (rounded up, in the case of stamp duty, to the nearest £5).

(d) The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person may be liable for stamp duty or SDRT at a higher rate than mentioned above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and share borrowing arrangements. Agreements to transfer shares to qualifying charities will not give rise to a liability to stamp duty or SDRT (although relevant instruments of transfer may require stamping that they are not chargeable with any duty).

17. DEPOSITARY INTEREST ARRANGEMENT

The requirements of the AIM Rules for Companies provide that the Company must, upon Admission becoming effective, have a facility for the electronic settlement of the Common Shares. The shares of companies incorporated in England (and the shares of companies incorporated in certain other jurisdictions) which are traded on AIM are settled through CREST. However, with limited exceptions, only shares and other securities which are constituted under English law can be settled through the CREST system, regardless of the fact that they may be admitted to trading on AIM. As the Company is incorporated in the United States its Common Shares are not eligible to be held directly through CREST and, accordingly, the Company has established, via the Depositary, a Depositary Interest arrangement.

The Depositary Interests representing the Common Shares will be issued to the individual Shareholders' CREST account on a one for one basis and with the Depositary providing the necessary custodial service. It is expected that, where placees have asked to hold their Common Shares in uncertificated form, they will have their CREST accounts credited with Depositary Interests on the day of Admission. Investors who are able to and elect to hold their Common Shares as Depositary Interests will be bound by a Deed Poll, executed by the Depositary in favour of the investors from time to time, the terms of which are summarised below. The rights and obligations pertaining to the Depositary Interests will be governed by English law. Holders of Depositary Interests will have no rights in respect of the underlying Common Shares or the Depositary Interests against CREST, the operating company of the CREST system, or its subsidiaries. The Depositary Interests are themselves independent securities constituted under English law and can be traded and settled within the CREST system in the same way as any other CREST security. The Shareholders that are non-US Persons have the choice of whether to hold their Common Shares in certificated form or in uncertificated form in the form of Depositary Interests. Shareholders who are able to and elect to hold their Common Shares in uncertificated form through the Depositary Interest facility will be bound by a deed of trust.

The Company's share register, which will be kept by the Registrar in Guernsey, will show the Depositary or its nominated custodian as the holder of the Common Shares represented by Depositary Interests but the beneficial interest will remain with the Shareholders who will continue to receive all the rights attaching to the Common Shares as they would have if they had themselves been entered on the Company's share register. Shareholders can withdraw their Common Shares back into certificated form at any time using standard CREST messages.

Where placees have requested to receive their Common Shares in certificated form, share certificates will be despatched by first-class post within ten Business Days of the date of Admission. No temporary documents of title will be issued. Pending the receipt of definitive share certificates in respect of the Common Shares (other than in respect of those Common Shares settled via Depositary Interests through CREST), transfers will be certified against the Company's share register.

The Common Shares have not been, and will not be, registered under the US Securities Act or qualified under any securities laws of any US state or other jurisdiction of the US. The Placing Shares are being offered only to non-US Persons outside the US in transactions exempt from the registration requirements of the US Securities Act in reliance on Category 3 of Regulation S or pursuant to another available exemption from, or transaction not subject to, the US Securities Act and applicable US state securities laws. The Placing Shares offered to non-US Persons in the Placing are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S.

Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Common Shares. The Common Shares are "restricted securities" as defined in Rule 144 under the Securities Act.

Each subscriber for Placing Shares, by subscribing for such Placing Shares, agrees to reoffer or resell the Placing Shares only pursuant to registration under the US Securities Act or in accordance with the provisions of Regulation S or pursuant to another available exemption from registration and qualification under applicable state securities laws, and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the US Securities Act. The above restrictions severely restrict purchasers of Placing Shares from reselling the Common Shares in the US or to a US Person. These restrictions may remain in place or be reintroduced following the expiry of the Distribution Compliance Period in relation to the Common Shares, at the discretion of the Company for example in the event the Company issues additional Common Shares under the same ISIN as the Placing Shares.

Once the Common Shares are admitted to trading on AIM, Common Shares (represented by the Depositary Interests) held in the CREST system will be identified with the marker "REG S". The "REG S" marker also indicates that the Common Shares held in the CREST system will also bear a legend setting out certain transfer restrictions and other information, including that: (i) transfers of the Common Shares are prohibited except in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act or in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable state securities law; and (ii) hedging transactions involving the Common Shares may not be conducted unless in compliance with the US Securities Act and applicable state securities law. Accordingly, resale of the Placing Shares following the Placing will be subject to restrictions under US federal and state securities laws, including the US Securities Act.

Representations, warranties and certifications must be made through the CREST system by those selling or acquiring the Common Shares. If such representations, warranties and certifications cannot be made or are not made, settlement through CREST will be rejected. Furthermore, Common Shares held by "Affiliates" (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable.

These restrictions, representations and warranties, as well as the legend that will be affixed to certificates for the Common Shares, are set out more fully in Part 6 of this document.

18. EFFECT OF US DOMICILE

The Company is a US corporation organised under the laws of the State of Delaware. There are a number of differences between the corporate structure of the Company and that of a public limited company incorporated in England under the Companies Act 2006 (the "**Companies Act**"). While the Directors consider that it is appropriate to retain the majority of the usual features of a US corporation, the Directors intend to take certain actions to conform to UK standard practice adopted by companies under English law and admitted to AIM. Set out below is a description of the principal differences and, where appropriate, the actions the Board intends to take.

(a) *Share Allotment; Limitations on Borrowing*

Companies incorporated under the Companies Act must explicitly authorise directors to allot shares under Sections 550 or 551 of the Companies Act. It is usual for UK companies to place restrictions on the authority of directors to allot shares. In particular, it is a requirement under Section 551 of the Companies Act that such authority be limited to expire after a specified time period of no longer than five years, with shareholder approval required for renewal. An issue of shares and other equity securities of a company incorporated in Delaware requires prior approval by the board of directors. However, the authority of the Board to issue equity securities is not unconditional; it is limited by the number of shares authorised for issue in the Company's Certificate of Incorporation, which has authorised a total of 315,000,000 shares, all of which are Common Shares.

UK companies may impose limits on their borrowing powers by, for example, specifying that borrowed amounts may not exceed a multiple of the company's capital and reserves. The Company does not have limitations on its ability to borrow funds, as this type of limitation is extremely rare for US companies.

(b) *Pre-emptive rights*

Companies incorporated under the Companies Act are subject to pre-emption rights on new shares issued by the company pursuant to Section 561 of the Companies Act. These rights provide for existing Shareholders to have a right of first refusal on the issue of new shares for cash.

The Delaware Corporation Law does not automatically provide for pre-emptive rights and the Company shall have no obligation to provide any pre-emptive rights to its Shareholders. However, the Certificate of Incorporation provides that unless otherwise determined in a general meeting by Shareholders holding at least two thirds of the voting rights of the Common Shares represented at such meeting, each Shareholder shall have a pre-emption right to subscribe for its *pro rata* share of Common Shares (with certain exceptions) that the Company may, from time to time, propose to allot and issue wholly for cash, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in their exclusive discretion to deal with fractional entitlements or legal or practical problems under the laws of any country, territory or political subdivision thereof, or the requirements of any regulatory authority or stock exchange in any jurisdiction. The Company may, at any time and from time to time upon approval by the Board, disapply the pre-emption provisions, provided that such disapplication is limited to (i) the allotment for cash of Common Shares where the nominal amount of such Common Shares during any 12 month period does not exceed in aggregate, 10% of the Common Shares in issue from time to time, or (ii) the allotment is in connection with a rights issue or (iii) the grant of options or other rights to subscribe for Common Shares (and the subsequent issue of Common Shares upon the exercise or vesting of such options or rights) pursuant to a plan approved by Shareholders for the incentivisation of employees and consultants of the Company. These pre-emption rights will cease to apply if the Company becomes a reporting company under the United States Securities Exchange Act of 1934.

Please see paragraph 9.6 of this Part 5 for a description of such pre-emptive rights.

(c) *Takeovers*

Except to the extent voluntarily incorporated by the Company to be administered by the Board, the Company will not be subject to the UK Takeover Code and certain provisions contained in the Company's Certificate of Incorporation and Bylaws make a hostile takeover of the Company more difficult to achieve. These provisions are set out below.

The Company has included a provision in its Certificate of Incorporation requiring Shareholders who acquire certain percentages of shares of the Company to offer to purchase all of the outstanding share capital of the Company at a value not less than the highest price paid by such Shareholder for shares of that class during the previous 12 months. The provision is intended to give the Company and its Shareholders protections similar to those available under Rule 9 of the UK Takeover Code as if it applied to the Company, and is described in paragraph 9.16 of this Part 5.

Under Delaware law, the Board is charged with the management of the business and affairs of the Company. In managing the business and affairs of the Company, the Board is required to chart a course for the Company that is in the best interests of the Company and the Shareholders. To the extent the Board determines that a proposed merger transaction is undesirable, the Board has no duty to accept an offer or commence negotiations in respect of such proposed merger transaction. In addition, the Board may, consistent with its fiduciary duties, adopt and maintain defensive measures to protect against unsolicited takeover bids that the Board determines are not in the best interests of the Company and all of the Shareholders. Additionally, section 203 of the Delaware Corporation Law imposes restrictions on "business combinations" (such as mergers) between the Company and an "interested stockholder" (each as defined in section 203 of the Delaware Corporation Law). An "interested stockholder" is defined to include the holders of 15% or more of the outstanding voting stock of a company. Section 203 of the Delaware Corporation Law will not apply to the Company until it has a class of voting stock that is listed on a national securities exchange or held on record by more than 2,000 Shareholders. The US federal securities laws and applicable state securities laws can also regulate certain types of takeover activity. In particular, the Williams Act (which is part of the US Exchange Act) regulates tender offers and requires public disclosure, by means of a filing with the SEC, of acquisitions of a substantial block of equity securities in a publicly traded company. Many of the provisions of the Williams Act will not apply to the Company unless and until it has a class of shares registered under the US Exchange Act.

(d) *Limitation of Director liability*

While both the Companies Act and the Delaware Corporation Law allow for indemnification of directors, the scope of indemnification allowed under Delaware law is broader. Section 232 of the Companies Act generally prohibits UK companies from exempting directors from, or indemnifying them against, liabilities in instances where the directors are found to be negligent, in default, or in breach of duty or trust (subject to certain statutory relaxations, whereby directors may (if a company so chooses) be indemnified against third party proceedings and the costs of defending actions brought against them by the company).

By comparison, the Company's Certificate of Incorporation eliminates any monetary liability of directors to the Company or its Shareholders for breaches of fiduciary duty as a Director, except: (i) for any breach of the Director's duty of loyalty to the Company or its Shareholders; (ii) for acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of the law; (iii) under Section 174 of the Delaware Corporation Law (which deals with unlawful payments of dividends and unlawful share purchases or redemptions); or (iv) for any transaction from which the Director derived an improper personal benefit.

In addition, the Bylaws provide that the Company will indemnify its directors, officers, employees and agents to the fullest extent permitted by the Delaware Corporation Law, provided that the Company will not be obligated to indemnify any officer, employee or agent of the Company or Director on account of proceedings: (i) initiated or brought voluntarily by such individual and not by way of defence; (ii) initiated by such individual to enforce or interpret his or her indemnification rights, if such proceeding is determined by a court of competent jurisdiction to be not made in good faith or frivolous; (iii) for which expenses or liabilities have been paid directly to such individual by the carrier of the Company's officers' and directors' liability insurance; or (iv) if the Company is prohibited by law from paying such indemnification. Section 145 of the Delaware Corporation Law provides that directors and officers generally may be indemnified for acts taken in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the corporation.

The Bylaws provide that the Company will reimburse or advance defence expenses to a Director or officer in connection with any such proceeding for which indemnification is allowed, subject to an affirmation of the Director's or officer's good faith belief that he or she has met the standard of conduct required to be eligible for indemnification and to an undertaking by such Director or officer to repay such expenses in limited circumstances where indemnification is not granted. Section 145 of the Delaware Corporation Law permits a corporation to: (i) reimburse present or former directors or officers for their defence expenses to the extent they are successful on the merits or otherwise; and (ii) advance defence expenses upon receipt of an undertaking to repay the corporation if it is determined that payment of such expenses is unwarranted.

(e) *Shareholder notifications of interests*

As a company incorporated under the laws of the State of Delaware, the Company is not subject to the provisions of the Disclosure and Transparency Rules and, consequently, Shareholders would not ordinarily be subject to any requirement to disclose to the Company the level of their interests in Common Shares or any changes thereto in accordance with Rule 17 of the AIM Rules for Companies. However, in line with current best practice for companies incorporated outside the UK whose shares are admitted to trading on AIM, the Company has elected to incorporate certain provisions of the Disclosure and Transparency Rules and the Companies Act into its Certificate of Incorporation, further details of which are set out in paragraph 9 of this Part 5.

(f) *Additional corporate matters*

In addition, the following provisions of Delaware law applicable to the Company, and the following provisions in the Company's Certificate of Incorporation and Bylaws, are standard for US corporations but may not be typical for UK companies:

(i) the holders of a majority of the shares issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for action at all meetings of the Shareholders; and

(ii) the quorum required for action at a meeting of the Board is a majority of the total number of authorised directors. A summary of the terms of the Company's Certificate of Incorporation and Bylaws and certain other provisions of the Delaware Corporation Law are set forth in paragraph 9 of this Part 5.

18.2 *Squeeze-out rules relevant to the holders of Common Shares as set out in the Delaware Corporation Law*

Section 267 of the Delaware Corporation Law outlines the procedures by which a controlling Shareholder or parent corporation that has obtained 90%, or more of the Company's Common Shares may consummate a short-form merger to squeeze out the remaining Shareholders. Generally, Section 267 allows for a short-form merger between a parent and a subsidiary, whereby a parent corporation that owns at least 90%, of the outstanding Common Shares of each class of a subsidiary corporation's shares may merge the subsidiary corporation into itself, or, alternatively, may merge both itself and the subsidiary corporation into a third corporation. A short-form merger is effected unilaterally by a board resolution of the parent company. A Shareholder would be entitled to certain appraisal rights under Section 262 of the Delaware Corporation Law (as discussed below) in connection with the squeeze-out merger if the merger consideration was considered by such Shareholder to be below "fair value". However, no resolution of the Board or the Shareholders would be required to effect the squeeze-out merger.

Under Section 262 of the Delaware Corporation Law, a holder of Common Shares of a corporation that is the target of a merger, sale or consolidation who does not wish to accept the consideration being offered may elect to have the corporation pay in cash to him or her the "fair value" of his or her Common Shares, plus accrued interest (excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable), provided that the Shareholder comply with the conditions set forth in Section 262 of the Delaware Corporation Law. If there is a dispute between the Shareholder and the corporation as to the fair value of the Common Shares, Section 262 of the Delaware Corporation Law provides that the fair value may be judicially determined.

19. MATERIAL CONTRACTS

19.1 *General*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within two years immediately preceding the date of this document and are, or may be, material in the context of the Group.

19.2 *Placing Agreement*

Under the Placing Agreement dated 14 November 2017 between the Company, each Director and Peel Hunt:

(a) Peel Hunt has agreed to use its reasonable endeavours to procure subscribers for the New Common Shares at the Placing Price;

(b) the Company has agreed to pay the costs relating to Admission and the Placing (the "**AIM Flotation**") and a fee to Peel Hunt, given certain warranties to Peel Hunt as to accuracy of the information in this document and certain other matters concerning the Company and the Group and given an indemnity to Peel Hunt and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the AIM Flotation;

(c) the Company has agreed, subject to Peel Hunt's obligations under the Placing Agreement becoming unconditional, to allot and issue the New Common Shares to or at the direction of the persons procured by Peel Hunt to subscribe them under the Placing and to pay Peel Hunt a placing commission equal to 3% of the aggregate value at the Placing Price of all such shares so subscribed (and an additional commission of 0.25% at the discretion of the Company);

(d) each Director has given certain warranties to Peel Hunt relating to the Group and himself. His liability under these warranties will expire on the date that is the earlier of (i) 31 December 2019 and (ii) the date thirty days after the publication of the Company's statutory report and accounts for the year ending 31 December 2018, other than in relation to any claim notified to the Director by such date, and is capped at the following amount:

Director	**Maximum Liability**
Mark Britto	$60,000
Stuart Neal	£262,500
Jon Prideaux	£315,000
Richard Hargreaves	£35,000
Keith Butcher	£35,000
Clint Smith	£35,000

(e) Peel Hunt's obligations are conditional on (i) Admission occurring by 9.00 am on 20 November 2017 or by such later date no later than 30 November 2017 as may be agreed between Peel Hunt and the Company and (ii) the fulfilment, or waiver by Peel Hunt, of certain procedural and other customary conditions; and

(f) Peel Hunt has the right to terminate its obligations under the Placing Agreement prior to Admission in the event of any breach by the Company or any Director of any of their respective obligations or warranties which Peel Hunt considers to be material and in the event of certain *force majeure* circumstances. If Peel Hunt's obligations under the Placing Agreement are terminated, the Placing will not proceed and no shares will be issued or sold under the Placing.

19.3 *Agreement with Peel Hunt to act as nominated adviser and broker on an ongoing basis*

Pursuant to a nominated adviser and broker agreement dated 14 November 2017 between Peel Hunt and the Company, Peel Hunt has agreed to act as the Company's nominated adviser and broker from Admission for the purpose of the AIM Rules for Companies. The agreement provides that Peel Hunt shall be paid an annual retainer fee for the provision of nominated adviser and broker services of £75,000. No sum shall be payable more than once under the nominated adviser and broker agreement and the Placing Agreement.

The appointment of Peel Hunt as nominated adviser and broker under the nominated adviser and broker agreement shall (subject to certain early termination provisions in the agreement) continue thereafter unless and until terminated by either the Company or Peel Hunt giving to the other not less than 30 days' notice.

The nominated adviser and broker agreement also contains indemnities and undertakings given by the Company.

19.4 *Lock-in Agreements*

Pursuant to the Lock-in Agreements, the Locked-in Shareholders have agreed that, subject to certain exceptions, they will not dispose of Common Shares held by them (or enter into a transaction with the same economic effect) during the Lock-in Period, except with the prior written consent of Peel Hunt. In addition, those Locked-in Shareholders who each hold 3% or more of the Common Shares (as set out in paragraph 7.1 of Part 5 of this document) have agreed, for the period from the expiry of the Lock-in Period and ending 18 months from Admission, not to trade any Common Shares except through Peel Hunt.

19.5 *Depositary Agreement*

On 14 November 2017, the Company and the Depositary entered into an agreement for the provision of Depositary services and custody services (the "**Depositary Agreement**"), pursuant to which the Company appointed the Depositary to act as the depositary and custodian in respect of the Depositary Interests and to provide the services set out in the Depositary Agreement. The Company has agreed to pay the Depositary an annual fee of £6,500 (based on a fee of £1.60 per Depository Interest holder) and to reimburse the Depositary for all reasonable out-of-pocket expenses. The Depositary's maximum liability under the Depositary Agreement in respect of any 12 month period is capped at an amount equal to the lesser of (i) £500,000; and (ii) five times the Depositary's fees earned in that 12 month period. The parties are required under the Depositary Agreement to indemnify each other in certain circumstances. Neither party is liable to indemnify the other in respect of any loss arising from the fraud, negligence or willful default of the other party or as a result of a breach by the other party of the Depositary Agreement. Upon completion of the initial period of 12 months, the appointment of the Depositary shall continue in force until terminated by either party giving the other not less than three months' notice.

19.6 *Deed Poll*

On 14 November 2017, the Depositary entered into the Deed Poll which contains, among other things, provisions to the following effect which are binding on holders of Depositary Interests:

(i) The Depositary will hold (itself or through the custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or the custodian pertaining to the Depositary Interests for the benefit of the holders of the Depositary Interests. The Depositary will re-allocate securities or distributions allocated to the custodian *pro rata* to the Common Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such re-allocation.

(ii) Holders of Depositary Interests warrant, *inter alia*, that the securities in the Company transferred or issued to the custodian on behalf of the Depositary for the account of the Depositary Interests holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues of securities to the custodian are not in contravention of the Bylaws, the Certificate of Incorporation, any contractual obligation or applicable law or regulation binding or affecting such holder.

(iii) The Depositary and the custodian must pass on to holders of Depositary Interests, or exercise on their behalf, all rights and entitlements received by the Depositary or the custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and class meetings shall, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must pay the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

(iv) The Depositary will be entitled to cancel Depositary Interests and treat the holder as having requested a withdrawal of the underlying securities in certain circumstances including where a holder of Depositary Interests fails to furnish to the Depositary such certificates or representation or warranties as to material matters of fact, including the holder's identity, as the Depositary deems necessary or appropriate.

(v) The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interests holder or any other person for liabilities incurred in connection with the performance or non-performance of its obligations or duties under the Deed Poll or otherwise except as may result from their negligence or wilful default or fraud or that of any person for whom they are vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of the custodian or agent. Furthermore, the Depositary's liability to a holder of Depositary Interests will be limited to the lesser of:

a. the value of the shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and

b. that proportion of £10 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the holder of the Depositary Interests bears to the aggregate of the amounts that the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission, or event which gave rise to such liability or, if there are no such other amounts, £10 million.

(vi) The Depositary is entitled to charge Depositary Interest holders fees and expenses for the provision of their services under the Deed Poll.

(vii) The holders of Depositary Interests are required to agree and acknowledge with the Depositary that it is their responsibility to ensure that any transfer of Depositary Interests by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear UK & Ireland Limited any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction.

(viii) Each holder of Depositary Interests is liable to indemnify the Depositary and the custodian (and their respective agents, officers and employees) against all liabilities arising from or incurred in connection with or arising from any act related to, the Deed Poll insofar as they relate to the Depositary Interests (and any property or rights held by the Depositary or custodian in connection with the Depositary Interests) held by that holder other than those resulting from the wilful default, negligence or fraud of the Depositary, or the custodian or any agent if the custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of the custodian or agent.

(ix) The Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of Depositary Interest holders.

(x) The Depositary may terminate the Deed Poll by giving 30 days' notice. During such notice period holders shall be obliged to cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination the Depositary shall, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holders or, at its discretion substitute CREST depository interests for the Depositary Interests or sell all or part of such deposited property. The Depositary shall, as soon as reasonably practicable, deliver the net proceeds of any such sale (or if applicable any CREST depository interests substituted for the Depositary Interests), after deducting any monies due to it, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depositary Interests in respect of their Depositary Interests.

(xi) The Depositary or the custodian may require from any holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person with or previously having any interest in such Depositary Interests and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of Depositary Interests and such information as is required for the transfer of the relevant Common Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or the custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Bylaws or the Certificate of Incorporation require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of Depositary Interests are to comply with the Company's instructions with respect thereto.

19.7 *Registrar Agreement*

On 14 November 2017, the Company entered into a registrar agreement under which the Registrar will provide services connected with the maintenance of the Company's register. The initial term of the registrar agreement shall be for 12 months from the commencement date after which period the registrar agreement shall automatically renew for successive periods of 12 months. Either party may terminate the registrar agreement by giving three months' notice. The registrar agreement contains certain indemnities given by the Company to the Registrar which are customary for an agreement of this nature.

19.8 *Sale Agreement*

Under various agreements (the "**Sale Agreements**") dated 14 November 2017 between the Company, Peel Hunt and various owners of Common Shares (including certain Directors), each owner has agreed to sell Common Shares in connection with the Placing at the Placing Price and to pay a placing commission to Peel Hunt equal to 3%. of the aggregate value at the Placing Price of all shares so sold (with an additional commission of 0.25% payable by the owner at the discretion of the Company), as follows:

Selling Shareholders	Shares to be sold	GBP Total
Airwich Family Partnership I, L.P.	95,732	£56,481.88
Alan Morgan	284,456	£167,829.04
Andrew Black	9,023,375	£5,323,791.25
Armin Barbalata	250,000	£147,500.00
Astia Angels Boku LLC	1,712,064	£1,010,117.76
Aura Motiska	70,000	£41,300.00
Brian Johnson	21,000	£12,390.00
Bundy Ventures	174,237	£102,799.83
Catherine Wray	794,342	£468,661.78
Chandrima Biswas	290,000	£171,100.00
Charles Manby	220,360	£130,012.40
Chris Batterham	42,372	£24,999.48
Christian Hinrichs	295,000	£174,050.00
Christopher John Harris	50,000	£29,500.00
David Waterson	11,250	£6,637.50
David Yoo	100,000	£59,000.00
Della Mullins	2,500	£1,475.00
Detlef Bollmann	72,626	£42,849.34
Dr. Kai Bühler	72,626	£42,849.34
Dustin Sellers	146,832	£86,630.88
Felix Heimbrecht	72,626	£42,849.34
GMO Global Payment Fund Investment Partnership	691,060	£407,725.40
GMO Payment Gateway, Inc.	691,060	£407,725.40
Graham Newall	158,484	£93,505.56
Harris Jones	280,473	£165,479.07
Holtzbrinck Ventures GmbH & Co. KG	6,267,021	£3,697,542.39
Index Ventures IV (Jersey), L.P.	9,312,160	£5,494,174.40
Index Ventures IV Parallel Entrepreneur Fund (Jersey), L.P.	883,919	£521,512.21
Javier Martell	400,000	£236,000.00
Jeremy Thomas	142,228	£83,914.52
Katherine Holden	23,435	£13,826.65
Kelly Bartram	2,000	£1,180.00
Kurt Davis	90,000	£53,100.00
Lisa Price	100,700	£59,413.00
Margareta Elaine Markwick	1,438,957	£848,984.63
Mark Britto	169,491	£99,999.69
Mark Davies	5,755,827	£3,395,937.93
Mark Pincus	61,933	£36,540.47
Natalie Fredericks	50,000	£29,500.00
Novavest Fund I LLC	6,147,715	£3,627,151.85
Patricia Camerlynck	316,570	£186,776.30
Paul McGuire	350,000	£206,500.00
Phil Hylander	491,525	£289,999.75
PinkySwear Trust	61,933	£36,540.47
Redmond Ventures, L.P.	282,917	£166,921.03

Selling Shareholders	Shares to be sold	GBP Total
Richard Temple	284,456	£167,829.04
Robert J. Markwick	1,271,186	£749,999.74
Ron Hirson	650,000	£383,500.00
Ronald & Gayle Conway as Trustees of The Conway Family Trust, DTD 9/25/96	63,561	£37,500.99
SIPPL Investments, LLC	127,275	£75,092.25
The Board of Trustees of the Leland Stanford Junior University (SEVF II)	31,224	£18,422.16
Thomas Kirk	40,000	£23,600.00
Van Leong	10,156	£5,992.04
Vincent Camerlynck	316,570	£186,776.30
Yucca (Jersey) SLP	82,224	£48,512.16
Total	50,847,458.00	£30,000,000.22

20. RELATED PARTY TRANSACTIONS

Save for the related party transactions referred to in note 25 to the financial information on the Group in Part 3, Section B of this document and the proposed subscription by Richard Hargreaves and Keith Butcher for an aggregate of 542,129 Placing Shares as described in paragraph 6.1 of Part 5 of this document, during the period of two years immediately preceding the date of this document, there have not been any related party transactions.

21. OTHER INFORMATION

21.1 The Company's accounting reference date is 31 December.

21.2 Peel Hunt has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.

21.3 BDO LLP has given and not withdrawn its written consent to the inclusion in this document of its report in Section A of Part 3 in the form and context in which it is included.

21.4 Except as described in paragraph 19 of Part 5 or elsewhere this document, no persons (excluding professional advisers otherwise disclosed in this document and trade suppliers) have received, directly or indirectly, from the Company within the 12 months preceding the date of this document, and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

(a) fees, totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

21.5 The costs and expenses of, and incidental to, the Placing and Admission are payable by the Company and are estimated to amount to £2 million (excluding Value Added Tax). The net proceeds of the Placing are estimated at approximately £13 million for the Company.

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21.6 Monies received from applications pursuant to the Placing will be held in accordance with the terms of the confirmation letters issued by Peel Hunt until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 30 November 2017 application monies will be returned to applicants at their own risk without interest.

22. AVAILABILITY OF THIS DOCUMENT

Copies of this document are available free of charge to the public during normal business hours on any week day (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and shall remain available for at least one month after Admission. Copies of this document will also be available for download at the Company's website at www.boku.com.

Dated: 14 November 2017

PART 6

US RESTRICTION ON THE TRANSFER OF COMMON SHARES

Terms used in the following description that are defined in Regulation S of the US Securities Act are used as defined therein.

The Common Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the US. As more fully explained in this Part 6, the Common Shares offered by the Company and its officers, directors and other affiliates to non-US Persons in the Placing are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Common Shares. A purchaser of Common Shares may not offer, sell, pledge or otherwise transfer Common Shares, directly or indirectly, in or into the United States or to, or for the account or benefit of, any US Person, except pursuant to a transaction meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act. Hedging transactions in the Common Shares may not be conducted, directly or indirectly, unless in compliance with the US Securities Act and applicable US state securities laws. Once the Common Shares are admitted to trading on AIM, Common Shares (as represented by the Depositary Interests) held in the CREST system will be identified with the marker "REG S" and will be segregated into a separate trading system within CREST. The Common Shares held in the CREST will also bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT ("REGULATION S")). THE SHARES ARE BEING OFFERED ONLY TO NON-US PERSONS OUTSIDE THE UNITED STATES IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT IN RELIANCE ON REGULATION S. THE SHARES ARE "RESTRICTED SECURITIES" AS DEFINED UNDER RULE 144 (A)(3) PROMULGATED UNDER THE SECURITIES ACT. THE SHARES MAY NOT BE TAKEN UP, OFFERED, SOLD, RESOLD, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY WITHIN, INTO OR FROM THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S) EXCEPT: (A)(I) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S, (II) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT. RESALES OR REOFFERS OF SHARES MADE OFFSHORE IN RELIANCE ON REGULATION S MAY NOT BE SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON (AS DEFINED IN REGULATION S) DURING THE ONE YEAR DISTRIBUTION COMPLIANCE PERIOD UNDER REGULATION S. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT.

BY ACCEPTING THESE SHARES, THE HOLDER REPRESENTS AND WARRANTS THAT IT (A) IS NOT A US PERSON (AS DEFINED IN REGULATION S) AND (B) IS NOT HOLDING THE SHARES FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON."

Certificated Common Shares will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE "STATE ACTS"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT

AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. AS PROVIDED IN THE BYLAWS OF THE COMPANY, THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS.''

Prior to the end of the Distribution Compliance Period, the holder of Common Shares represents that:

(a) Any offer or sale of the Common Shares held through CREST must be made to non US Persons in ''offshore transactions'' as defined in and pursuant to Regulation S;

(b) No directed selling efforts (as defined in Regulation S) may be made in the United States by, for purposes of Rule 903 of Regulation S, the Company, a Distributor (as defined in Regulation S), any of their respective Affiliates, or any person acting on behalf of any of the foregoing, or, for the purposes of Rule 904 of Regulation S, the seller, an Affiliate, or any person acting on their behalf;

(c) Offering restrictions (as set out under section 903(b)(3)) must be implemented;

(d) Any offer or sale of certificated Common Shares must be made to non-US Persons in ''offshore transactions'' as defined in and pursuant to Regulation S, pursuant to an effective registration statement under the US Securities Act or otherwise in transactions exempt from registration under the US Securities Act;

(e) The Company may refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration;

(f) Any offer or sale, if made prior to the expiration of a one-year Distribution Compliance Period, must be made pursuant to the following conditions:

    (i) The purchaser of the Common Shares (other than a Distributor) must certify that it is not a US Person and is not acquiring the Common Shares for the account or benefit of any US Person or is a US Person who purchased Common Shares in a transaction that did not require registration under the US Securities Act;

    (ii) The purchaser of the Common Shares must agree to resell such Common Shares only in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration; and must agree not to engage in hedging transactions with regard to such Common Shares unless in compliance with the US Securities Act;

    (iii) The Common Shares must contain the appropriate legend, set out above;

    (iv) The Company is required to refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration; and

    (v) Each Distributor selling Common Shares to a Distributor, a dealer (as defined in Section 2(a)(12) of the US Securities Act), or a person receiving a selling concession, fee or other remuneration, prior to the expiration of the one-year Distribution Compliance Period, must send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales that apply to a Distributor;

(g) In the case of an offer or sale of Common Shares prior to the expiration of the Distribution Compliance Period by a dealer (as defined in Section 2(a)(12) of the US Securities Act), or a person receiving a selling concession, fee or other remuneration in respect of the Common Shares offered or sold:

    (i) Neither the seller nor any person acting on its behalf may know that the offeree or buyer of the Common Shares is a US Person; and

(ii) If the seller or any person acting on the seller's behalf knows that the purchaser is a dealer (as defined in Section 2(a)(12) of the US Securities Act) or is a person receiving a selling concession, fee or other remuneration in respect of the Common Shares sold, the seller or a person acting on the seller's behalf must send to the purchaser a confirmation or other notice stating that the Common Shares may be offered and sold during the one-year Distribution Compliance Period only in accordance with the provisions of Regulation S; pursuant to registration of the securities under the US Securities Act; or pursuant to an available exemption from the registration requirements of the US Securities Act; and

(h) In the case of an offer or sale of Common Shares by an officer or director of the issuer or a Distributor, who is an affiliate of the issuer or Distributor solely by virtue of holding such position, no selling concession, fee or other remuneration may be paid in connection with such offer or sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

Common Shares acquired from the Company, a Distributor, or any of their respective affiliates in a transaction subject to the conditions of Rule 901 or Rule 903 are deemed to be "restricted securities" as defined in Rule 144 under the US Securities Act. Resales of any of such restricted securities by the offshore purchaser must be made in accordance with Regulation S, the registration requirements of the US Securities Act or an exemption therefrom. Any "restricted securities", as defined in Rule 144, will continue to be deemed to be restricted securities, notwithstanding that they were acquired in a resale transaction made pursuant to Rule 901 or 904. Prior to the end of the Distribution Compliance Period and prior to any transfer of such Common Shares, each purchaser of Common Shares acquired through CREST and in reliance on Regulation S will be required, to represent and agree as follows, that:

(a) the purchaser is not a US Person and is not acting for the account or benefit of a US Person and is not located in the United States at the time the investment decision is made with respect to the Common Shares;

(b) the purchaser understands that the Common Shares have not been registered under the US Securities Act and may not be offered, sold, pledged or otherwise transferred by such purchaser except: (i) in an offshore transaction to non-US Persons and otherwise meeting the requirements of Rule 901 through Rule 905 (including Preliminary Notes) of Regulation S; (ii) pursuant to an effective registration statement under the US Securities Act; or (iii) pursuant to an exemption from the registration requirements of the US Securities Act, and in each case, in accordance with all applicable securities laws of the states of the United States and any other applicable jurisdictions;

(c) the purchaser understands and agrees that, if in the future it decides to resell, pledge or otherwise transfer any Common Shares or any beneficial interests in any Common Shares prior to the date which is one year after the later of: (i) the date when the Common Shares are first offered to persons (other than distributors) pursuant to Regulation S or pursuant to another exemption from, or transaction not subject tom registration under the US Securities Act; and (ii) Admission, it will do so only outside the United States in an offshore transaction to non-US Persons and otherwise in compliance with Rule 901 to Rule 905 (including the Preliminary Notes) under the US Securities Act, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act and in each of such cases in accordance with any applicable securities law of any state of the United States;

(d) the Company is required to refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration;

(e) hedging transactions involving the Common Shares may not be conducted, directly or indirectly, unless in compliance with the US Securities Act;

(f) the purchaser agrees to, and each subsequent holder is required to, notify any purchaser of the Common Shares from it of the resale restrictions referred to above, if then applicable;

(g) the purchaser acknowledges that, prior to any proposed transfer of Common Shares other than pursuant to an effective registration statement, the transferee of Common Shares will be required to provide certifications and other documentation relating to the non-US Person status of such transferee and that such transferee was not located in the United States at the time the investment decision was made with respect to the Common Shares;

(h) the purchaser acknowledges that the Company, Peel Hunt and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and agrees that if any such acknowledgement, representation or warranty deemed to have been made by virtue of its purchase of Common Shares is no longer accurate, it shall promptly notify the Company and Peel Hunt; and

(i) the purchaser acknowledges that the Common Shares will bear a restrictive legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE "STATE ACTS"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. AS PROVIDED IN THE BYLAWS OF THE COMPANY, THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS."

Subject to various conditions including, among others, the availability of current information regarding the Company, applicable holding periods and volume and manner of sale restrictions, Rule 144 may be available for US resales of Common Shares by affiliates of the Company. Common Shares held by "Affiliates" (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable. Affiliates of the Company at the time of the Placing, or investors that become Affiliates at any time after the Placing, should seek independent US legal counsel prior to selling or transferring any Common Shares. A liquid trading market for the Common Shares does not currently exist in the United States, and the Company does not expect such a market to develop soon.

Rule 144 may be available for resales of Common Shares on the market or otherwise after the first anniversary of the purchase of Common Shares.

PRIOR TO PURCHASING ANY COMMON SHARES OR CONDUCTING ANY TRANSACTIONS IN ANY COMMON SHARES, INVESTORS ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS REGARDING THE ABOVE RESTRICTIONS ON TRANSFER AND OTHER RESTRICTIONS REFERRED TO IN THIS DOCUMENT.

In this document, a "US Person" has the meaning set forth in Regulation S and includes:

- any natural person resident in the United States;
- any partnership or corporation organised or incorporated under the laws of the United States;
- any estate of which any executor or administrator is a US Person;
- any trust of which any trustee is a US Person;
- any agency or branch of a foreign entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S Person;

- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- any partnership or corporation if it is organised or incorporated under the laws of any foreign jurisdiction and formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501(a) under the US Securities Act) who are not natural persons, estates or trusts.

The following are not "US Persons":

- any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States;
- any estate of which any professional fiduciary acting as executor or administrator is a US Person if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and the estate is governed by foreign law;
- any trust of which any professional fiduciary acting as trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
- an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- any agency or branch of a US Person located outside the United States if the agency or branch operates for valid business reasons; and the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

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