

# 2020 Full Year Results

**16 March 2021**

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Jon Prideaux

Keith Butcher



# Presentation Team

**Jon Prideaux, CEO**



CEO since 2013  
Formerly EVP at VISA and  
Deputy CEO at Secure Trading

**Keith Butcher, CFO**

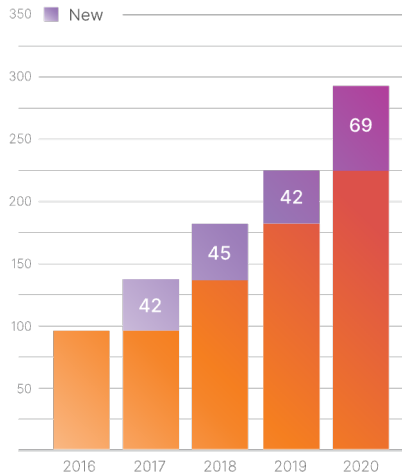


Formerly CFO of LSE listed  
payments companies  
DataCash and Paysafe

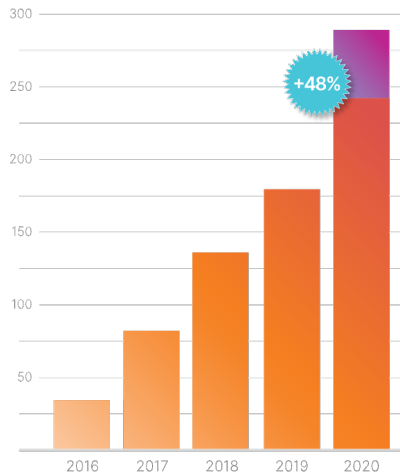
# Highlights

# Boku Trading Highlights

Boku Account Connections



Monthly Active Users (million)



## Financial

- Operating leverage: EBITDA more than doubled

## Payments

- TPV up 38% to \$6.9 billion
- Monthly Active Users up 48% to 28.8m
- Acquisition of Fortumo consolidates the market
- Despite COVID-19, record number of new Boku Account launches at 69 (2019: 42)

## Identity

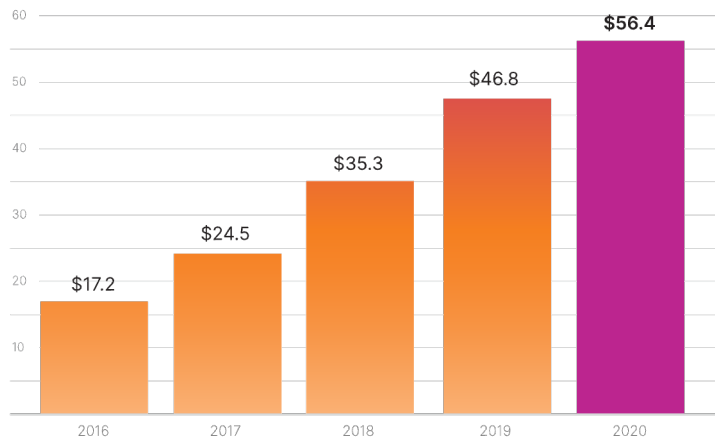
- Difficult year, but encouraging signs

## Current Trading

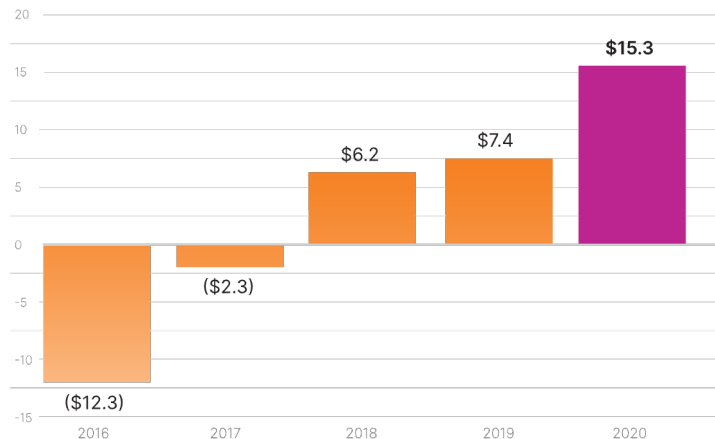
- Payments: first two months at record levels
- Identity: back in growth, best trading since 2019



Revenue (\$USD millions)



Adjusted EBITDA (\$USD millions)



# 2020 Financial Highlights

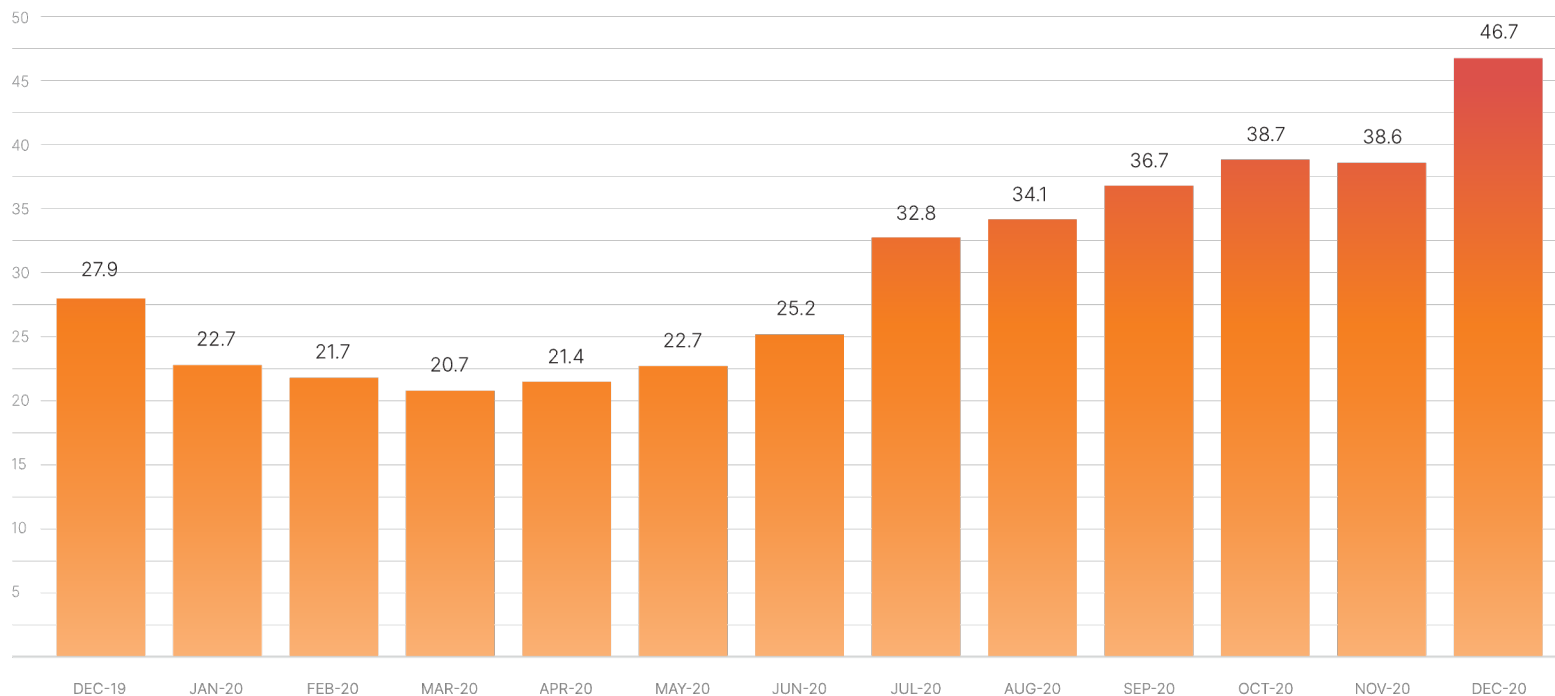
## Group Financials

- Group Revenue: \$56.4m up 20% (2019: \$46.8m\*)
  - Payments Revenue: \$51.2m (+27%) (2019: \$40.2m\*)
    - inc. \$4.5m Fortumo revenues
  - Identity revenues \$5.2m – coronavirus impacted
- Adj. Group EBITDA up 108% to \$15.3m (2019: \$7.4m)
  - Payments EBITDA up 52% to \$19.2m (2019: \$12.7m)
    - inc. Fortumo \$1.5m
  - Identity EBITDA losses reduced to \$3.9m (2019: \$5.3m loss)
- Cash balances at year end: \$62.7m (2019: \$35.6m)
  - Average daily cash balance: \$46.7m (Dec 19: \$22.4m)
  - \$20m Debt paid down by \$7.3m at year end
  - Cash generated from operations (excluding working capital movements) \$11m (2019: \$6m)
- Intangible Assets \$65.6m (2019: \$46.8m)
  - Fortumo acquisition \$43.5m - 1st July 2020
  - Identity goodwill impairment of \$20.8m

\*Excludes \$3.3m of non-recurring Payments revenue to better reflect underlying performance

# Average Daily Cash Balances (by month)

Average Cash Balance (\$USD millions)



# Payments

# Boku Payments division 2020 Highlights

	Boku \$'000	Fortumo \$'000	Total \$'000	2019 \$000
<b>Revenue</b>	<b>46.8</b>	<b>4.4</b>	<b>51.2</b>	<b>40.2</b>
Cost of sales	(1.3)	(0.3)	(1.7)	(1.6)
<b>Gross Profit</b>	<b>45.5</b>	<b>4.1</b>	<b>49.6</b>	<b>38.6</b>
Adj. Opex	(27.7)	(2.6)	(30.4)	(25.9)
<b>Adj. EBITDA*</b>	<b>17.7</b>	<b>1.5</b>	<b>19.2</b>	<b>12.7</b>

## Acquisition of Fortumo for \$41.0m on 1<sup>st</sup> July 2020

- Consolidated from 1<sup>st</sup> July 2020 (6 months)
- Earnout of \$5.4m, subject to demanding EBITDA target (12 months to 30 June 2021)
  - Full payout not anticipated

## 2020 Financials

### Payments Revenue: \$51.2m (+27%) (2019: \$40.2m\*)

- \$46.8m Boku Payments revenues (2019: \$40.2m\*)
- \$4.4m Fortumo revenues

### Gross margins 95%

- Boku Payments 97%
- Fortumo 92% (mainly settlement model)

### Payments adj opex \$30.4m (2019: \$25.9m)

- Boku Payments \$27.7m (2019: \$25.9m)
- Fortumo \$2.6m (H2 only)

### Payments EBITDA up 52% to \$19.2m (2019: \$12.7m)

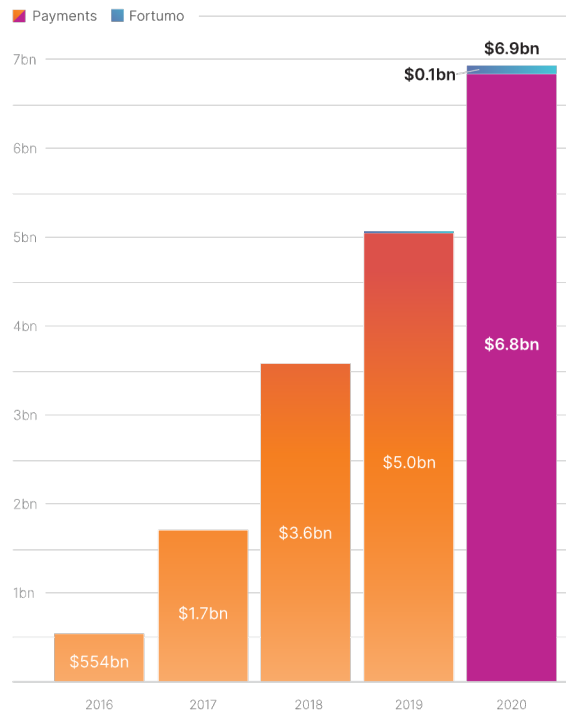
- Boku Payments EBITDA \$17.7m (2019: \$12.7m) +42%
- Fortumo \$1.5m EBITDA

\*Excludes \$3.3m of non-recurring Payments revenue to better reflect underlying performance

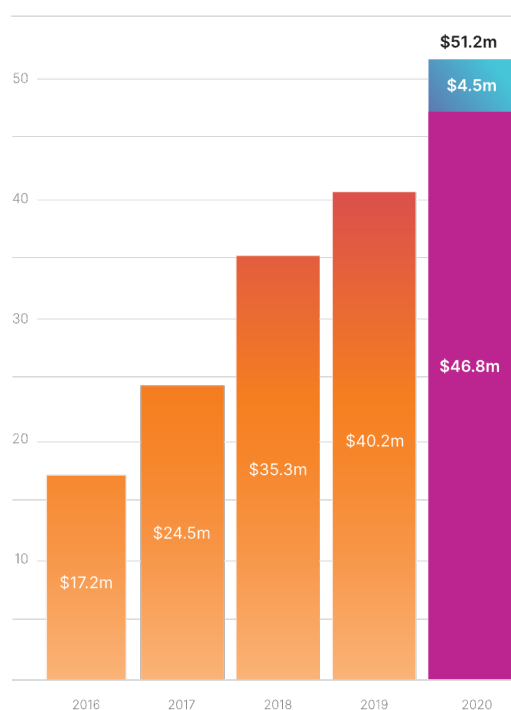


# Payments: TPV Drives Revenue

Total Processed Value (\$USD billions)



Revenue (\$USD millions)



## Acquisition of Fortumo Inc., consolidated from 1<sup>st</sup> July 2020

**Revenue: \$51.2m up 27% (2019: \$40.2m\*)**

- Inc. \$4.5m Fortumo

**TPV up 37% to \$6.9bn (2019: \$5.0bn)**

- Fortumo \$114m

**Monthly Active Users up 48% to 28.8m (2019: 17.8m)**

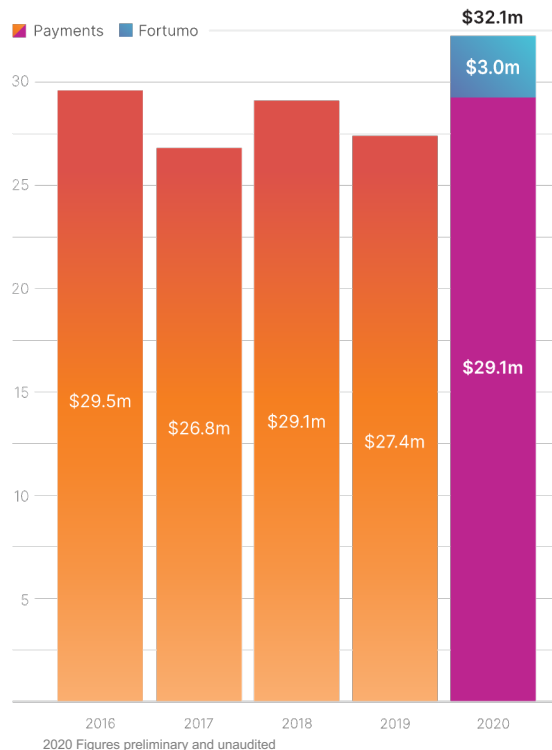
- 4.6m MAUs from Fortumo

**Take rates stronger in second half due to**

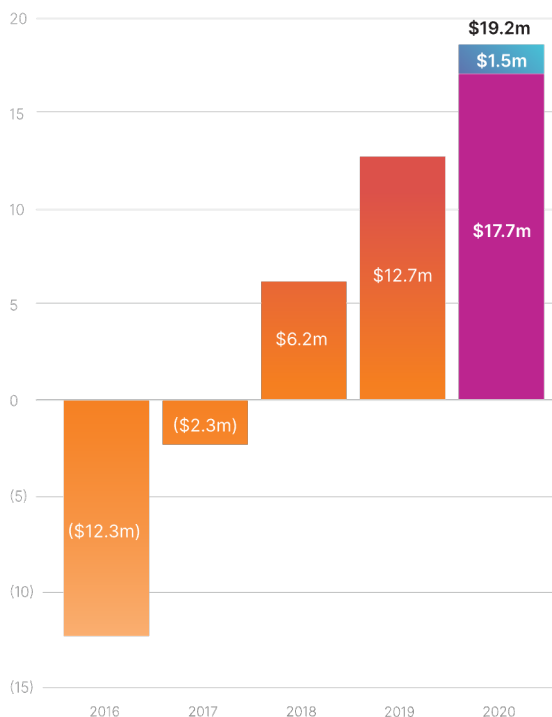
- Strong performance of organic settlement business
- Contribution from Fortumo merchants in H2

# Payments: Stable Costs Drive Operating Leverage

Opex and CoGS (\$USD millions)



Adjusted EBITDA (\$USD millions)



## Payments Adj. EBITDA up 51% to \$19.2m

- Includes Fortumo \$1.5m
- Boku Payments \$17.7m (+51%)

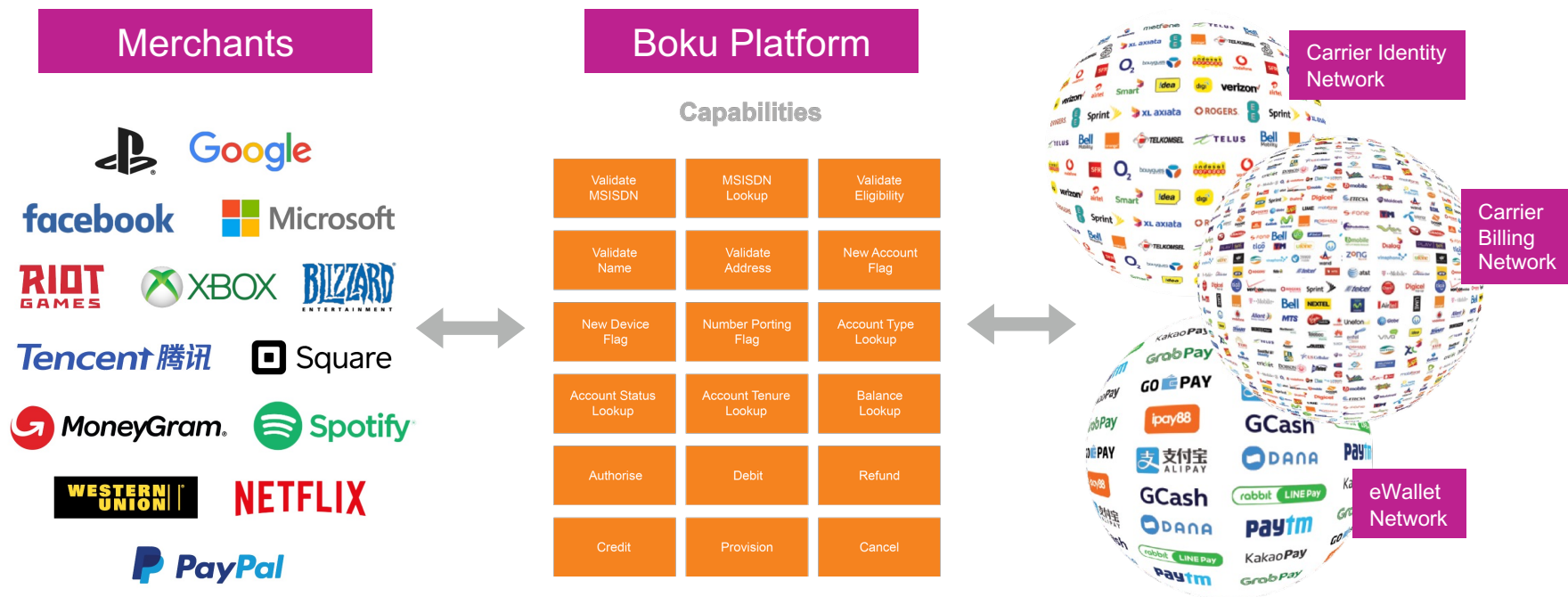
## Adj Opex/CoGs \$32.1m - increased by Fortumo in H2

- Boku Payments \$29.1m (+6%)
- Fortumo \$3.0m (H2 only)

## EBITDA up 51% to \$19.2m

- Improved by COVID-19 impact on T&E and windfalls
- Partly offset by investment in ewallets/e-commerce
- Continuing in 2021

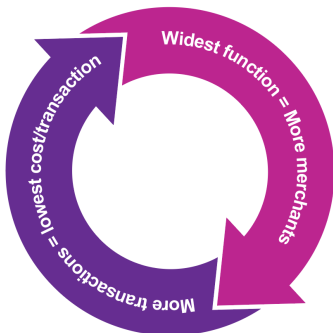
# Boku Platform: Mobile Transactions Made Simple



\* MSISDN: Mobile Station International Subscriber Directory Number or the mobile number

# Boku's Competitive Advantage

## Scale



Boku market leader player  
Limited competition  
Operational gearing

## 200+ Carrier Network














Building Carrier network  
has taken >\$100m  
and 10 years  
200+ carriers

## Global Merchants

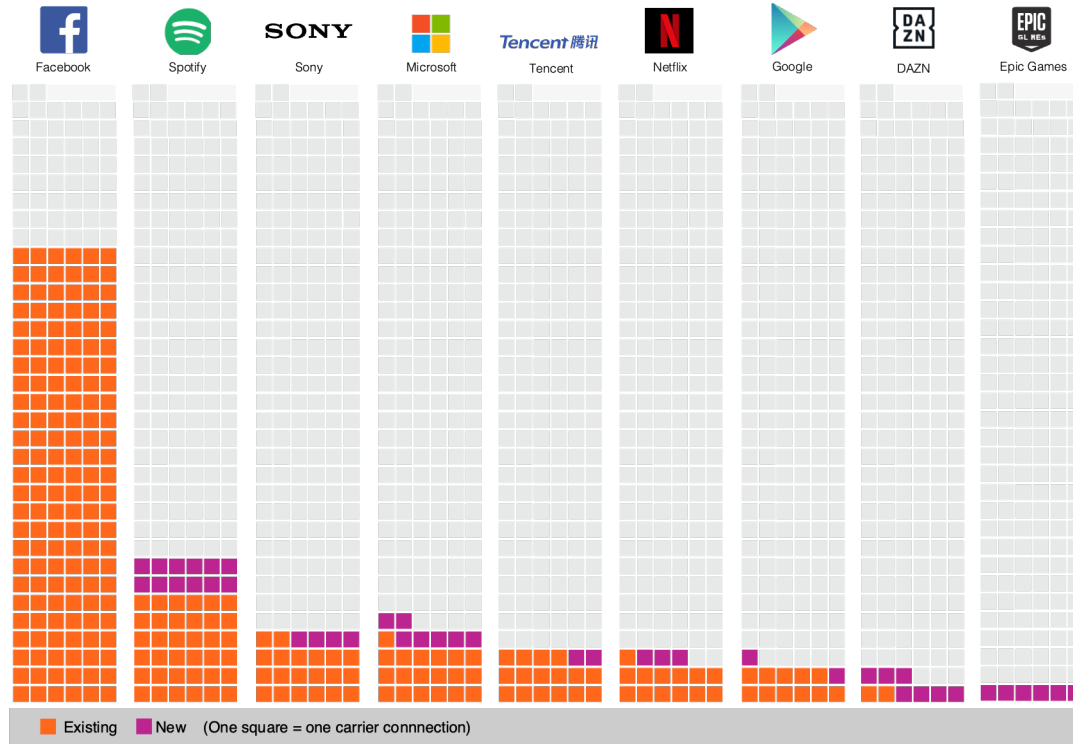


Boku **exclusive** DCB  
relationship with world's  
largest merchants  
Proven ability to rollout  
global merchants

# Payments customers: six of the world's seven largest companies

Merchants		
	<b>Google</b> #2 App Store	DCB Provider
	<b>Facebook</b> #1 Social Network	Sole DCB Aggregator
	<b>Sony</b> #1 Console	Sole DCB Aggregator
	<b>Microsoft</b> #2 Console	Primary DCB Aggregator
	<b>Spotify</b> #1 Music Streaming	Sole DCB Aggregator
	<b>Tencent</b> #1 Global Games Co.	Official DCB Aggregator
	<b>Riot Games</b> #1 Grossing PC Game	Sole DCB Aggregator
	<b>Netflix</b> #1 Video Streaming	Sole DCB Aggregator
	<b>Amazon</b>	Official Bundling Aggregator
		<b>Epic Games</b> Sole DCB Aggregator

# Growth: add more carrier connections for our Merchants



\*Carriers with transactions LTM

New connections in 2020 build on implementations from prior years

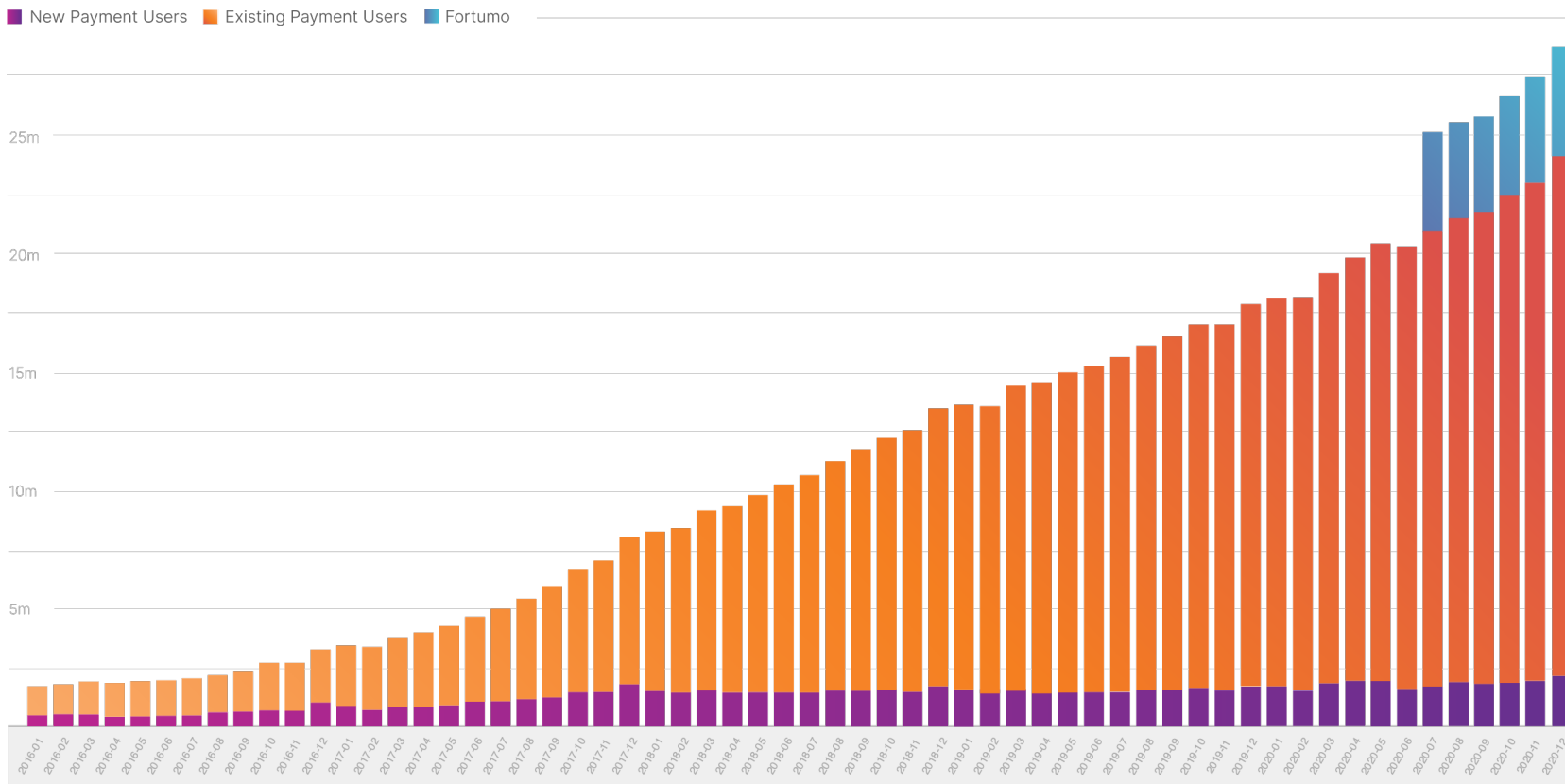
More Settlement model merchant launches

Merchants are highly sticky—recurring revenues

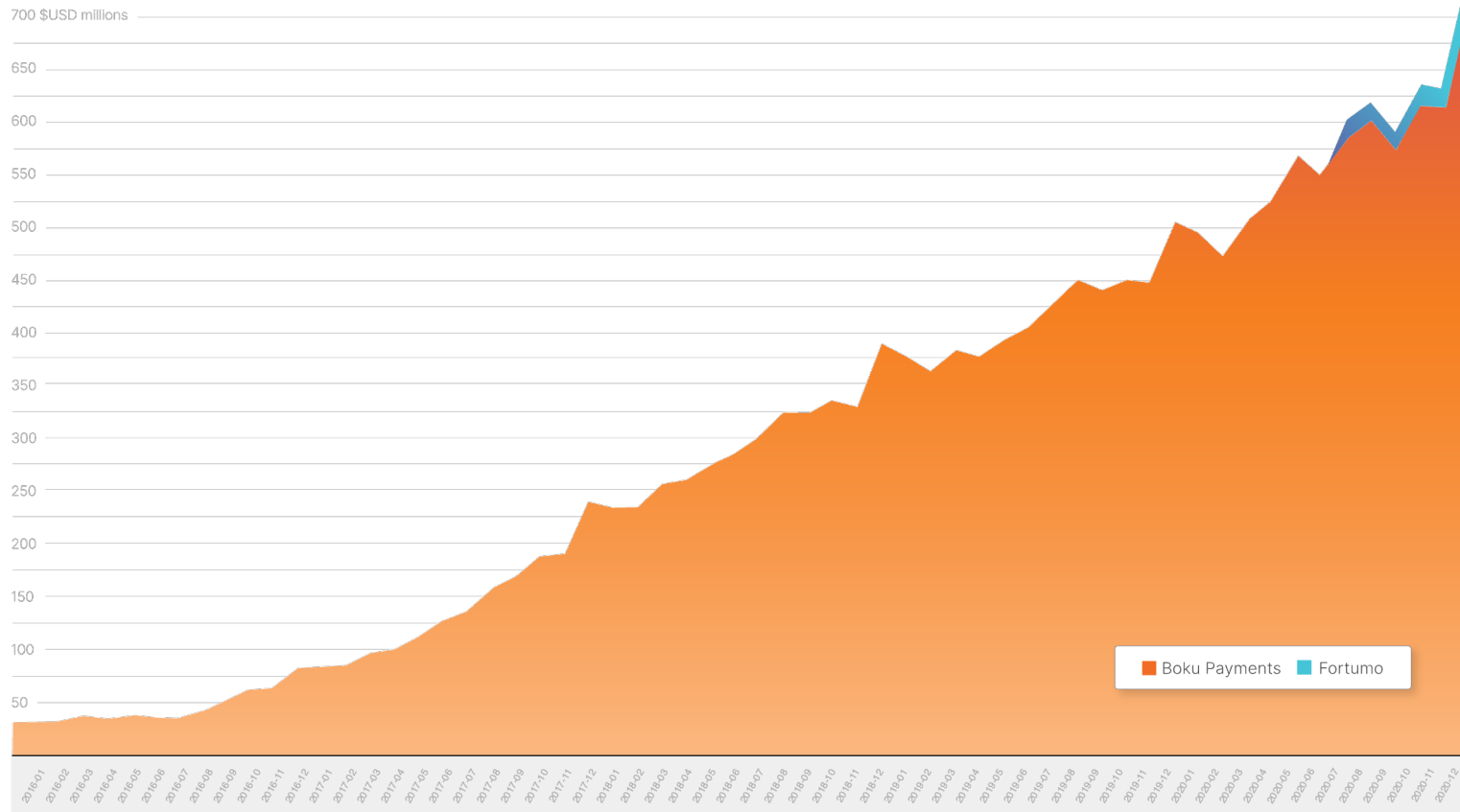
Some new merchant launches

**DCB offering is a customer acquisition tool**

# ... drive predictable growth in users on the Boku platform



# ...and increasing levels of TPV





# Boku and Fortumo Future Focus



## Commercial

c. 400 active Merchant accounts

c. 100 active Merchant accounts

Lower volume, higher take rate

Higher volume, lower take rate

Mostly Settlement model

Mostly Transaction Model

Merchant marketing expertise

Global Merchant sales expertise

## Technical

Highly configurable Hosted DCB, Payments  
API and Bundling products

Customised payment and bundling  
implementations for global merchants

Semi-automated onboarding

Manual onboarding

**DCB and Bundling**

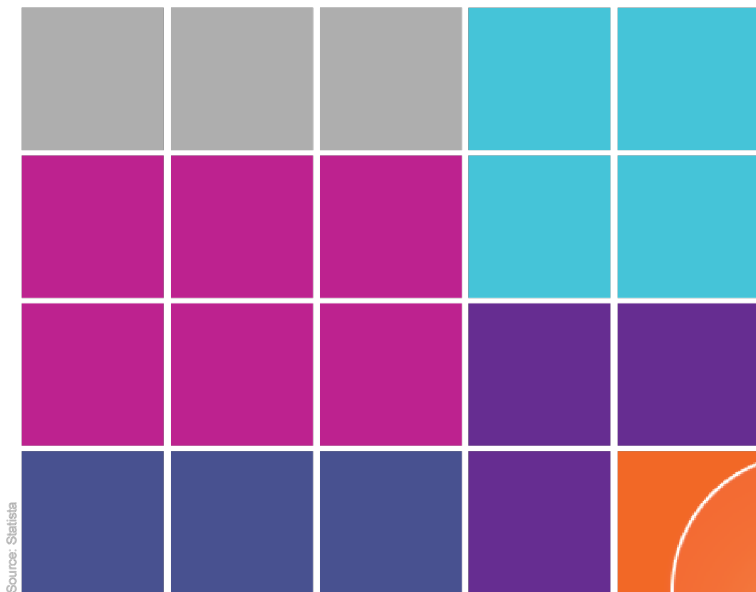
**Strategic Merchants and Wallets**

# Jumping to the big pond. Wallets



# Seen from the Big Pond, DCB is a niche of a niche

## E-Commerce: \$2.4tn



- Furniture and Appliances \$325bn (3)
- Food and Personal Care \$410bn (3)
- Fashion \$664bn (6)
- Consumer Electronics \$375bn (3)
- Toys, Hobbies and DIY \$518bn (4)
- Digital Content \$117bn (1)

## New Customers

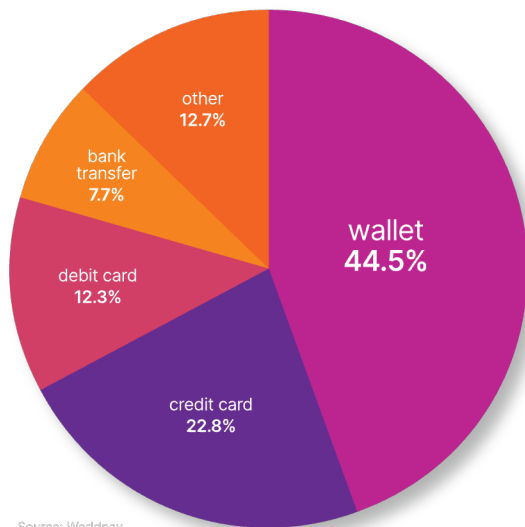
**15%**  
New paying users from Boku

**85%**  
Pay by other means

# Mobile Wallets are a big deal

Wallets are already the primary way to pay online  
- their growth is coming at the expense of cards

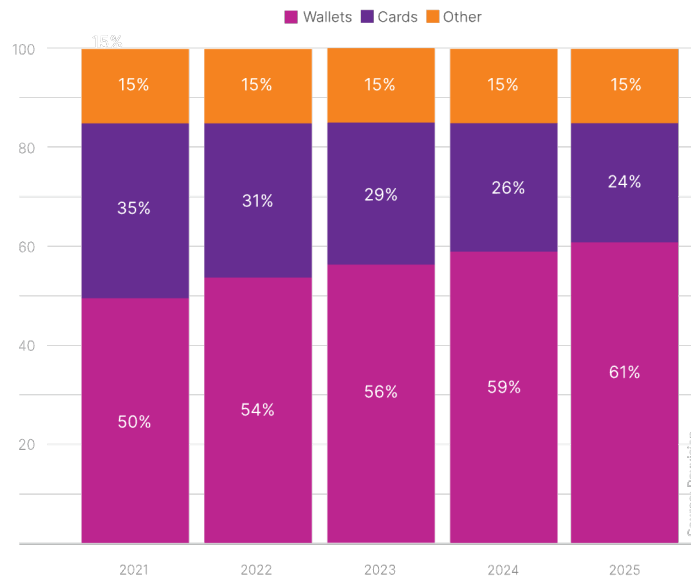
Wallets 44.5% of checkout



Source: Worldpay

Global eCommerce Share of Checkout 2020

Wallets expected to be 61% of checkout by 2025



Source: Payvision

Global eCommerce Share of Checkout 2021-2025

# Wallet Go To Market Approach

## Target Customers

1. Cross-sell to existing digital merchants
2. Add new non-digital merchants, with:
  - Cross border sales
  - Limited Wallet coverage
  - Dedicated Payments Team

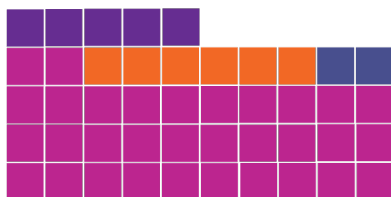
## Grow Coverage



2020 (11)



2021 Plan (45)



## How we win

### Better Product

- More mobile wallet coverage than traditional PSPs
- Optimised User experience
- Tokenised connections
  - Recurring transactions

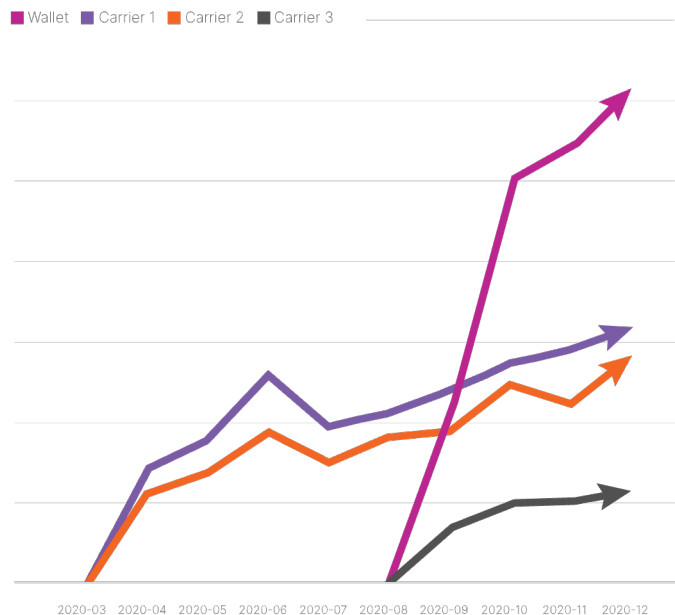
### Better Service

- Reverse Integration
- Flexible technical
- Settlement and FX
- Reporting and Reconciliation

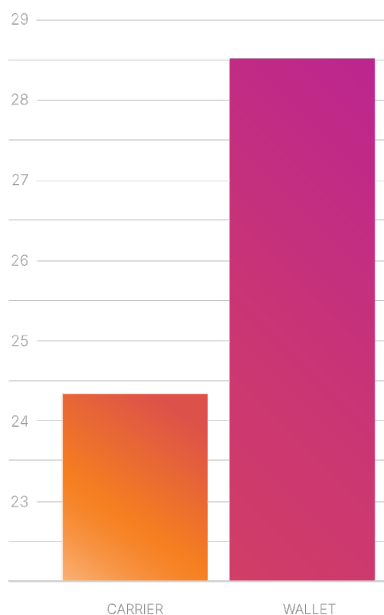
# Wallets Growing Fast From a Small Base

## Merchant Case Study: Carrier Billing and Wallets compared

Volume from wallets exceeds DCB



Wallet ATV is higher than DCB



### Benefits of Wallets:

- More users of a mainstream payment method leads to higher volumes
- Higher Average Transaction Values (ATV)
- Lower fees for merchants

### Results

- Wins vs. Adyen and Worldpay with major merchants
- Strong pipeline of further launches with global brands
- Investment in 2021 to enable general ecommerce

# Identity

# Boku Identity

## Products



### **Boku Verify**

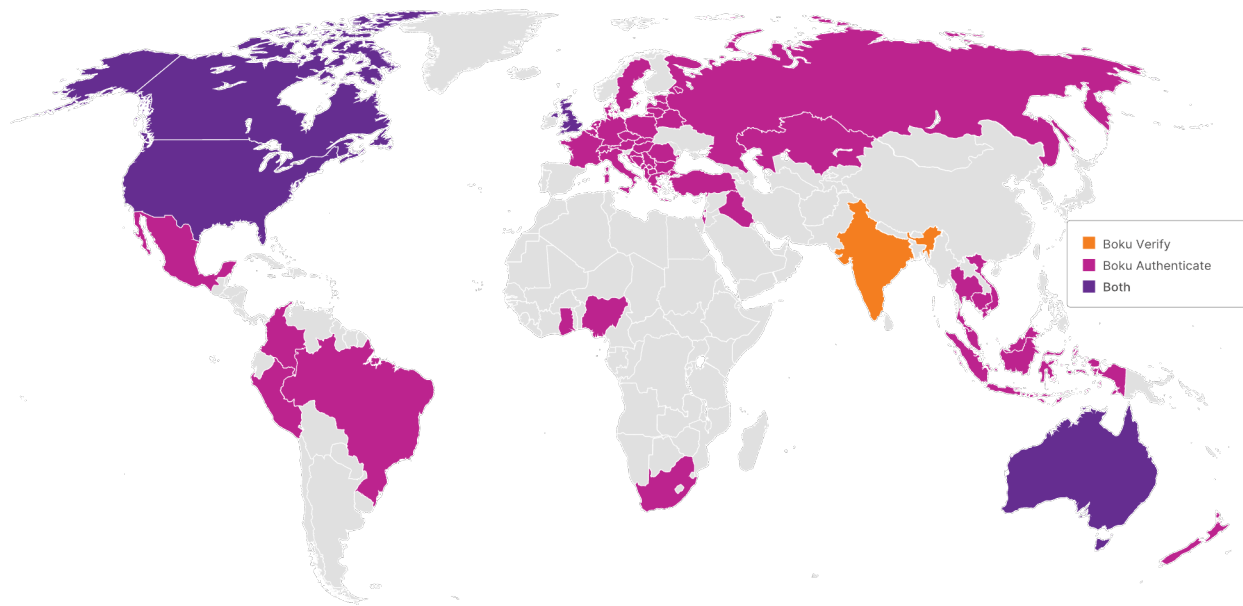
verify user supplied information  
to streamline signup and reduce  
fraudulent accounts



### **Boku Authenticate**

verify the user device to  
eliminate account takeover

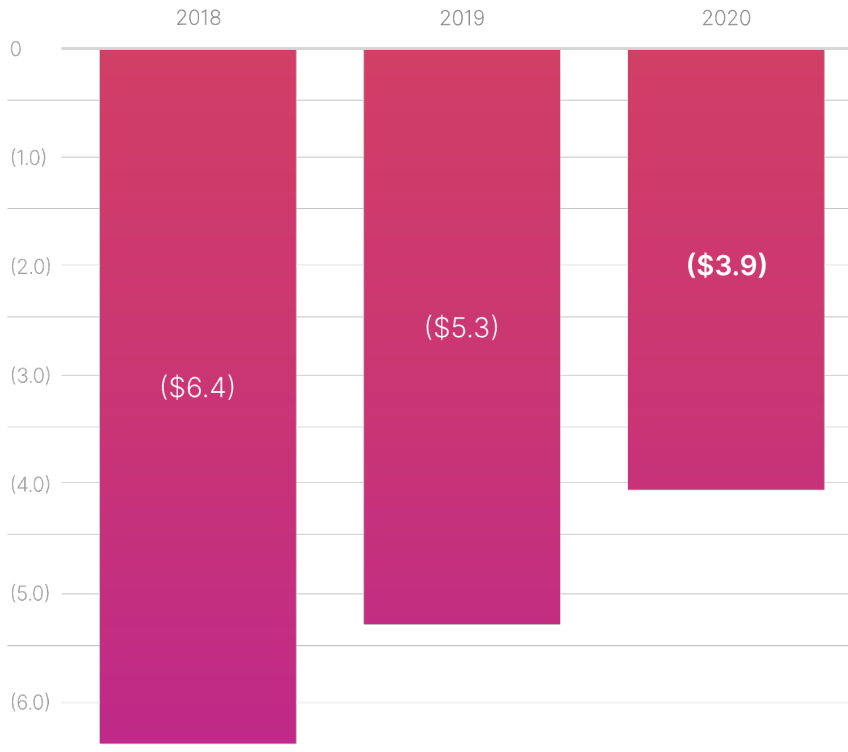
## Identity Coverage





# Identity: Building the Network and Reducing Losses

EBITDA Identity (\$USD millions)



- \$5.2m revenues -- lower on COVID-19 and US Carrier supply impact
- EBITDA losses reduced to \$3.9m (2019: \$5.3m)
- Impairment of goodwill \$20.8m
- International network expanded to 200+ carriers in 60 countries
- Re-established as Technical providers to all US carriers
- Contract wins with LexisNexis, FIS, GDC

# Conclusion

# 2020 Summary and 2021 Outlook

## 2020 results

- Strong Revenue growth (20%) and EBITDA growth (100%+)
- Driven by Payments (Organic growth and acquisition of Fortumo)
- Challenging year for Identity, but progress on operational (supply/contract wins)

## Payments outlook

- Benefit of being market leader showing in strong organic growth, enhanced by Fortumo Acquisition
- E-wallets – significant opportunity, some investment required in 2021

## Identity outlook

- Need to convert expanded network and contract wins into revenue

## Current Trading

- Payments: first two months at record levels
- Identity: back in growth, best trading since 2019

# Our Values

*BE FLEXIBLE*

Things might not happen as planned.  
Stay calm, alter course and move on.

*ASSUME POSITIVE INTENT*

Trust and respect each other.  
Encourage others to do the same.

*COLLABORATE*

Welcome others' opinions and ideas.  
We're all on the same team.

*BE AMBITIOUS*

We are building a great big global mobile  
platform. Aim for (modest) world domination.

# Appendices

# Income Statement 2020

Boku Income Statement by segment for 12 months to 31 December 2020	2020			2019		
	Payments	Identity	Total	Payments	Identity	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Fee Revenue*</b>	<b>51,231</b>	<b>5,171</b>	<b>56,402</b>	<b>43,473</b>	<b>6,675</b>	<b>50,148</b>
Cost of sales	(1,669)	(3,256)	(4,925)	(1,641)	(3,922)	(5,563)
<b>Gross Profit</b>	<b>49,562</b>	<b>1,915</b>	<b>51,476</b>	<b>41,831</b>	<b>2,754</b>	<b>44,585</b>
Administrative Expenses	(39,737)	(28,463)	(68,200)	(36,051)	(9,418)	(45,469)
<b>Operating Profit/(loss)</b>	<b>9,246</b>	<b>(26,561)</b>	<b>(17,315)</b>	<b>5,780</b>	<b>(6,664)</b>	<b>(884)</b>

\*Revenue includes \$3.3m of non-recurring Payments Revenue; to better reflect underlying performance, this non-recurring revenue is excluded from Adjusted EBITDA.

\*\*Adjusted Operating Expenditure = Administrative expenses adjusted to exclude depreciation and amortisation, share option expense, foreign exchange gains and losses and exceptional items (which include IPO costs).

# Income Statement 2020 (continued)

Boku Income Statement by segment for 12 months to 31 December 2020	2020			2019		
	Payments \$'000	Identity \$'000	Total \$'000	Payments \$'000	Identity \$'000	Total \$'000
<b>Operating Profit/(loss) analysed as:</b>						
<b>Adjusted EBITDA**</b>	<b>19,176</b>	<b>(3,908)</b>	<b>15,268</b>	<b>12,687</b>	<b>(5,284)</b>	<b>7,403</b>
Deferred prior year revenue	-	-	-	3,255	-	3,255
Depreciation and amortisation	(4,726)	(1,191)	(5,917)	(3,968)	(493)	(4,461)
Goodwill impairment		(20,775)	(20,775)	-	-	-
Stock Option expense	(4,010)	(915)	(4,925)	(6,013)	(759)	(6,772)
Foreign exchange gains/(losses)	807	241	1,048	113	(5)	107
Exceptional items (included in administrative expenses)	(1,422)		(1,422)	(294)	(123)	(417)
<b>Operating Profit/(loss)</b>	<b>9,825</b>	<b>(26,548)</b>	<b>(16,723)</b>	<b>5,780</b>	<b>(6,664)</b>	<b>(884)</b>
Finance income	70		70	56	0	56
Finance expense	(649)	(13)	(662)	(432)	(35)	(467)
<b>Profit/(Loss) before tax</b>	<b>9,246</b>	<b>(26,561)</b>	<b>(17,315)</b>	<b>5,403</b>	<b>(6,700)</b>	<b>(1,296)</b>
Tax (expense)/credit	(1,469)	(1)	(1,470)	1,653	(2)	1,651
<b>Net Profit/(loss) for the period attributable to equity holders of the parent company</b>	<b>7,777</b>	<b>(26,562)</b>	<b>(18,785)</b>	<b>7,057</b>	<b>(6,702)</b>	<b>355</b>

\*Adjusted Operating Expenditure = Administrative expenses adjusted to exclude depreciation and amortisation, share option expense, foreign exchange gains and losses and exceptional items (which include IPO costs).

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Closing Balance Sheet	2020 \$'000	2019 \$'000
<b>Non-current assets</b>		
Property, plant and equipment	3,771	3,512
Intangible assets	65,559	46,819
Deferred income tax assets	483	1,826
<b>Total non-current assets</b>	<b>69,813</b>	<b>52,157</b>
<b>Current assets</b>		
Trade and other receivables	92,535	53,592
Cash and cash equivalents	61,290	34,747
Restricted cash	1,414	876
<b>Total current assets</b>	<b>155,239</b>	<b>89,215</b>
<b>Total assets</b>	<b>225,052</b>	<b>141,372</b>
<b>Current liabilities</b>		
Trade and other payables	136,779	77,995
Bank loans and overdrafts	1,438	2,098
Lease liabilities	1,436	1,723
<b>Total current liabilities</b>	<b>139,653</b>	<b>81,816</b>
<b>Non-current liabilities</b>		
Other payables	862	791
Deferred tax liabilities	228	449
Loans and borrowings	10,813	-
Lease liabilities	1,742	1,358
<b>Total non-current liabilities</b>	<b>13,645</b>	<b>2,598</b>
<b>Total liabilities</b>	<b>153,298</b>	<b>84,414</b>
<b>Net assets</b>	<b>71,754</b>	<b>56,958</b>

# Balance Sheet

## Balance sheet and cash balances strong

- Cash balances increased at year end: \$62.7m (Dec 2020: \$35.6m)
- Average daily cash balances \$46.7m (Dec 2019: \$22.4m)
- Total debt of \$12.25m at year end (new)
  - \$20m debt taken to part fund Fortumo acquisition 1<sup>st</sup> July
    - \$10m term loan + \$10m RCF (revolver)
  - Revolver paid down by \$7.0m using surplus cash balances
  - Term loan paid down by \$0.3m
- Intangible Assets \$65.5m (2019: \$46.8m)
  - Fortumo acquisition \$43.5m - 1st July 2020
  - Identity goodwill impairment of \$20.8m
- Leases capitalised under IFRS16 split short/long term:
  - \$1.36m represents the current lease liabilities
  - \$1.82m represents the long term portion of capitalised leases



• **boku**