

Boku

Digital wallet contract with Amazon

Boku has signed a three-year contract with Amazon to process Amazon Prime Video subscriptions made via digital wallet and other local payment methods in certain South-East Asian and African countries. As part of the contract, Amazon has been granted warrants over 11.2m Boku shares at 81.2p per share, dependent on Amazon hitting revenue targets over seven years. In our view, this contract marks major progress in the company's strategy to widen its offering to local payment methods and strengthens the company's relationship with Amazon.

Year end	Revenue (\$m)	EBITDA* (\$m)	Diluted EPS* (c)	DPS (c)	P/E (x)	EV/EBITDA (x)
12/20	56.4	15.3	3.2	0.0	27.4	12.7
12/21	69.2	20.0	3.9	0.0	22.7	9.7
12/22e	62.5	19.7	4.0	0.0	22.1	9.9
12/23e	69.6	22.7	4.4	0.0	19.8	8.5

Note: *EBITDA and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. FY20/21 include Identity business (sold in Q122).

Boku has signed a contract to supply its digital wallet and other local payment methods to Amazon. Boku will process payments for Amazon Prime Video subscriptions for customers located in certain countries in South-East Asia and Africa. The contract has been signed for a minimum period of three years, with annual contract renewals thereafter. As part of this contract, Boku has issued warrants to Amazon to subscribe up to 11,215,142 Boku shares (3.75% of outstanding shares), exercisable at 81.2p (the 30-trading day volume-weighted average price prior to issuing the warrants). The warrants are exercisable over 10 years. 0.25% of the 3.75% vested immediately with the remaining 3.5% vesting over seven years based on Amazon achieving certain revenue targets. The warrant costs will be matched to and offset against revenues generated from Amazon. Via Fortumo, Boku already provides direct carrier billing (DCB) services for Amazon bundling, although this is one of Boku's less material DCB contracts. Today's contract provides the potential for more material revenue flows from Amazon and highlights the progress Boku is making in providing its digital wallet service to a growing number of merchants. We maintain our estimates; Boku will report H122 results on 27 September.

Contract announcement

Software and comp services

20 September 2022

Price **77p**

Market cap **£230m**

\$1.14:£1

Net cash (\$m) at end-H122 67.8

Shares in issue 298.5m

Free float 93%

Code BOKU

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

Boku operates a billing platform that connects merchants with mobile network operators and alternative payment methods in more than 90 countries. It has c 350 employees, with its main offices in the US, UK, Estonia, Germany and India.

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