



Evolve

Capital Partners

Boku, Inc.

November 2017

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

Boku IPO – Executive Summary

Initial Public Offering Overview



AIM: BOKU



Description

Boku is the world's leading independent direct carrier billing company. The company's technology enables mobile phone users to buy goods and services and charge them to their phone bill or pre-paid balances. Boku's platform connects its merchant clients with billing, identity and sales systems of mobile network operations. The company's technology makes a consumer's mobile phone number into a convenient and secure payment method that can be used as an alternative to credit and debit cards.



Use of Proceeds









Boku intends to use the IPO proceeds as follows:

- \$9.3 million for improvements to the Company's working capital position, specifically the retirement/reduction in reliance on receivables financing.
- \$7.9 million for investment in growth opportunities, including new product development.

Source(s): Company website, 424B4 Filings

The exchange rate used to convert Pounds to US dollars was 1.32423 as on November 20, 2017

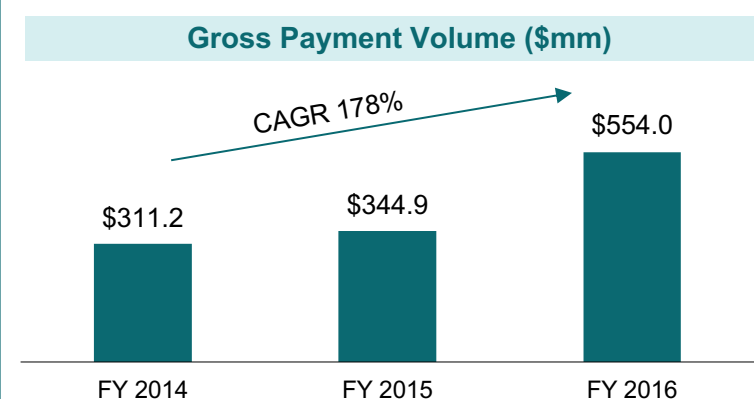
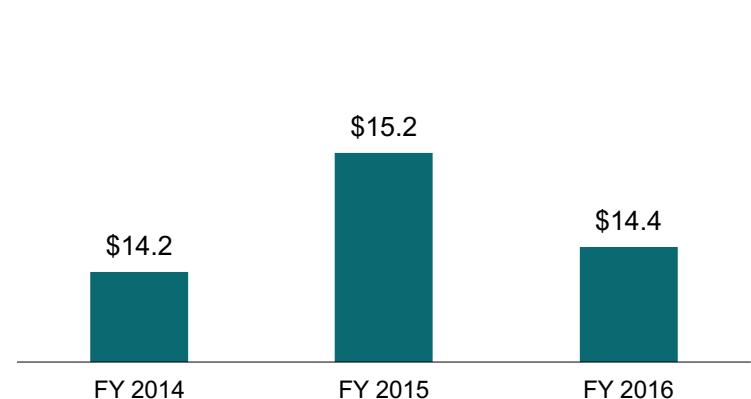
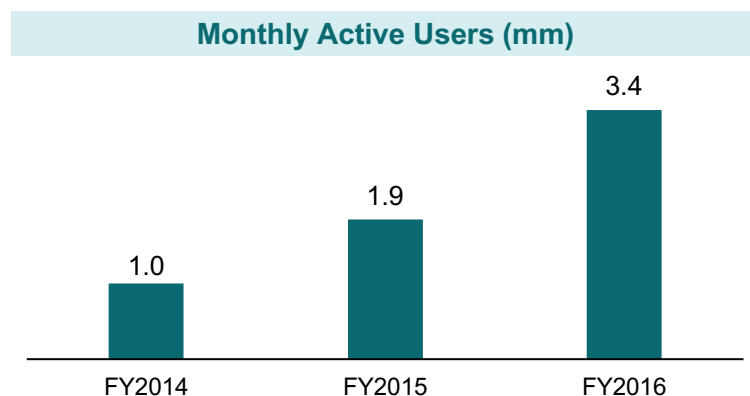
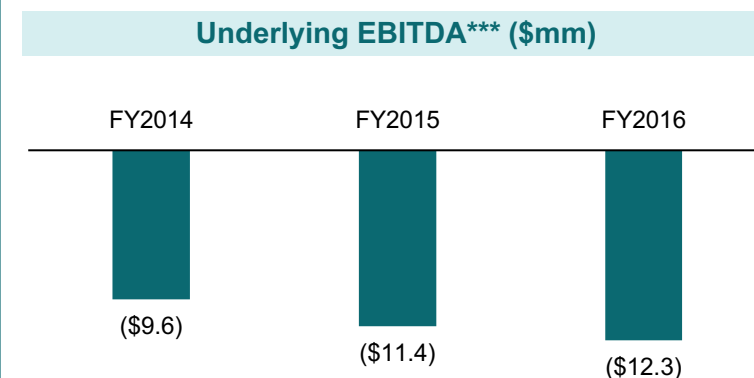
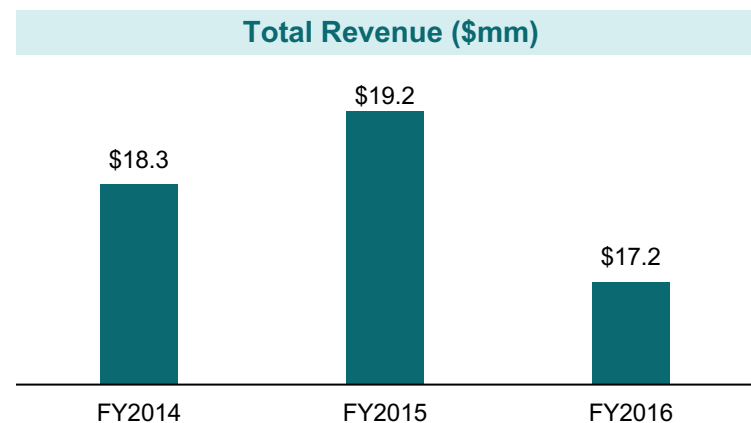


	Headquarters	San Francisco, CA
	Founded	2009
	Employees	148
	Listing Date	11/20/2017
	Lead Underwriters	PEEL HUNT
	Issue Price	\$0.78
	Shares Offered	76 million
	Gross Proceeds	\$60 million

Boku IPO – Executive Summary

Key Metrics – IPO

Shares Offered at the time of IPO	76 million
Issue Price	\$0.78
Total Shares Outstanding after IPO*	213 million
Market Value at Issue Price**	\$166 million
Enterprise Value at Issue Price#	\$180 million
EV / 2016 Revenue	7.9x
Listing Date	11/20/2017
Market Closing Price	\$1.29



Source(s): Capital IQ, Pitchbook, Boku, Inc S1 filing

The exchange rate used to convert Pounds to US dollars was 1.32423 as on November 20, 2017

*Shares outstanding as on November 20, 2017

** Market value has been calculated by multiplying Total Shares Outstanding with the Issued price

***Underlying EBITDA excludes share based compensation, exceptional reorganization cost and costs relating to the IPO

Enterprise Value has been calculated by adding Net Debt as on December 31, 2016 to Market Value at Issue Price.

Boku IPO – Executive Summary

Company Overview





Boku has invested in its systems and platform to ensure a high performance, high resilience, high capacity system operating in a dual-center mode, with bank grade connections and billing functionality.

- Boku's platform connects its merchant customers such as Apple, Google, Facebook, etc. with billing, identity and sales systems of multiple network operators.
- The Company'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.
- The Company has grown rapidly since October 2008 through its acquisition of two UK based businesses, Paymo and Mobilcash.
- Boku is headquartered in San Francisco, California. The Company now employs 148 staff and is active in 49 countries, processing just under \$1 billion worth of transactions in the last twelve months upto June 2017.



Select Pay By Mobile
as preferred payment
method

Key Statistics

 Users	11 million users (LTM as of June 30, 2017)
 Total Revenue	\$17.2 billion (as of December 31, 2016)
 Clients	173 carriers
 Gross Payment Volume	\$554 million in Fiscal Year 2016

Source(s): Company Website, Boku, Inc. S1

Boku IPO – Executive Summary

Products and Services

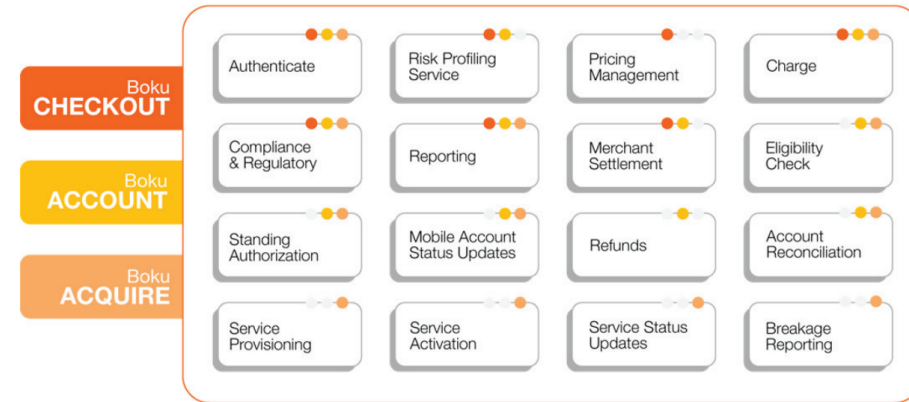
Boku Products & Services

Technology Platform

- Allows merchants to interact through a single connection with multiple carriers around the world.
- Integrates different carriers' systems allowing merchants to access their billing, authentication and sales capabilities.
- Platform is fault tolerant; situated in two data centers, the hardware in each facility is fully duplicated.
- Security features to protect against external attack such as firewalls deployed to filter out suspicious traffic.

Boku Checkout

- Integrated into the billing system of operators allowing merchants to accept payments from nearly any mobile phone in the world.
- Displays correct 'Pay by Mobile' options from hundreds of mobile operators all over the world.
- User simply selects the 'Pay by Mobile' option, enters phone number on payment panel, receives text message and replies 'Y' or enters one time PIN to confirm purchase.



Source(s): Company Website, Boku, Inc. S1 as files on 11/20/17

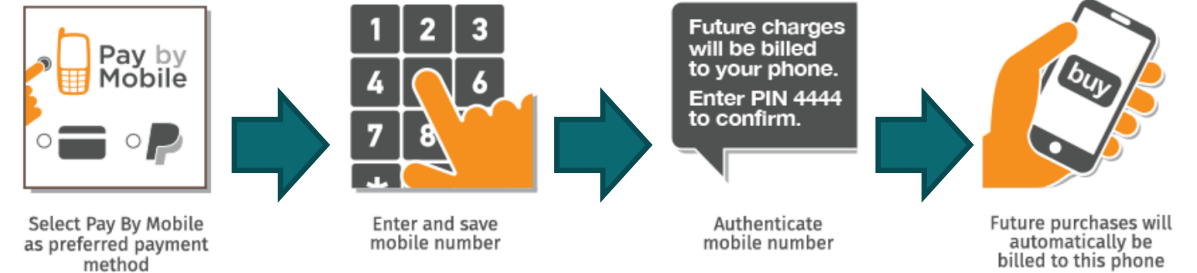
Boku IPO – Executive Summary

Products and Services (Continued)

Boku Products & Services

Boku Account

- Activates customers for payment by accessing the carrier's billing engine and identification service.
- Supports 1-Tap registration register's customer phone number in a single step using Boku's technology to detect phone number automatically.
- Stores the payment method chosen on file for merchants, without requiring the customer to re-enter details during future purchases.
- Merchants send payment requests through an API, increasing activation rates.



Boku Acquire

- Tool to support carrier bundling programs, where customers subscribe to products such as music streaming services, anti-virus software or cloud storage.
- Carriers directly acquire customers who have these products bundled into customers' carrier plan.
- Connects the sales system of the carrier and the provisioning system of the merchant ensuring that only eligible users obtain access to the special offer.



Source(s): Company Website, Boku, Inc. S1 as files on 11/20/17

Boku IPO – Executive Summary

Company Overview

Boku has grown rapidly since its incorporation in October 2008 and has secured key merchant deals to continue its growth into the future.

Boku's Key Strengths

Key Merchant Deals

- Apple and Sony only process carrier billing transactions with Boku.
- Boku is one of two providers for Spotify, Facebook and Microsoft.

Experienced Management Team

- Boku's management team has expertise in web, mobile and financial services and they were previously employed by companies such as Amazon, AT&T, Visa, Bank of America, American Express, Barclays and Intuit.

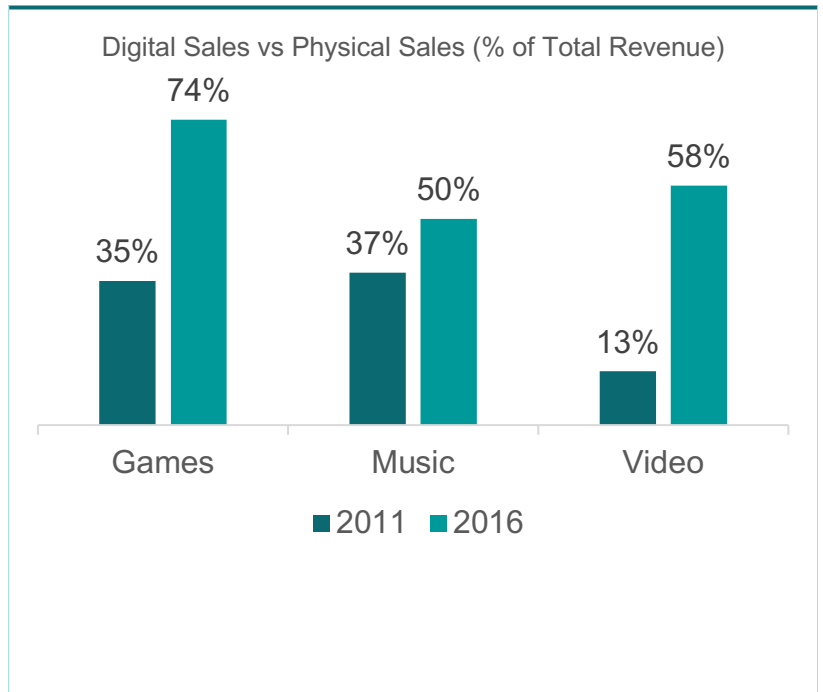
Scale

- Boku employs 148 employees, including 87 engineers and technical specialists, thereby enabling the company to support the needs of the most demanding customers.
- Network of local offices in key locations facilitating business between merchants and carriers, and making commercial arrangements and technical connection required by merchants.

Intellectual Property

- Boku has a healthy IP portfolio with 73 patents granted and 52 pending.

Sources of Digital Sales Growth



Source(s): Company Website

Boku IPO – Executive Summary

Market Opportunity

Extremely high mobile penetration

- 2.8 billion of the 7.2 billion mobile connections worldwide are on smartphones.
- According to McKinsey's 2016 Global Media Report, consumer spending on all digitally distributed media will reach \$144 billion in 2017 and grow to \$194 billion by 2020.
- Worldpay Global Payments Report estimates that 64% of all online payments will use an alternative by 2020.

Growth in Specific Industries That are Ideal for Boku

- PC Web Games market, supported by Boku Checkout, is estimated to reach \$34 billion in 2019 by Newzoo. Additionally, Facebook Games, Riot Games and Activision Blizzard sell game content directly from their websites using Boku Checkout.
- Digitally distributed content, such as games, music, video, software and other digital services, is expected to exceed \$82 billion in sales by 2017. Most digital distribution is undertaken by Google, Apple, Playstation, Xbox and Amazon, all of which have contacts with Boku.

Geographic markets

- Countries like Japan and Taiwan, are increasingly important markets for Boku since they are mature in their use of carrier billing. The launch of Boku's existing merchants in these territories has helped Boku make important connections in these markets.
- The Directors at Boku believe that Japan will become its largest market in terms of Total Payment Volume (TPV), Transactions, Users, and Revenue.
















Source(s): Boku, Inc. S1

Growth Strategy

Partner with Carriers	<ul style="list-style-type: none">• Mobile Network Operators (MNOs) either see it as a strategic opportunity or a way to increase revenue streams
Package of Support Services	<ul style="list-style-type: none">• Boku Connect and Boku Optimise simplify the upgrade and connection process for carriers
Partnership with Global Brands	<ul style="list-style-type: none">• Sign up large global brands that are new to carrier billing by leveraging existing relationships with global companies like Apple and Spotify
Diversify beyond Digital	<ul style="list-style-type: none">• Provide real world services such as parking, ticketing and transportation• Sell low-value physical goods such as coffee, snacks, etc. on its platform
Create New Propositions	<ul style="list-style-type: none">• Roll out existing merchants into new territories• Build a network to provide global authentication, identity and marketing services for mobile phone users worldwide
Sales & Marketing Strategy	<ul style="list-style-type: none">• Direct Sales Model to sign up large global brands• Use PSP's such as Worldpay and Adyen to distribute services to merchants

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Financing History

Date	Series/Type	Amount (\$mm)	Lead Investor	Transaction Notes
01/09/2016	Growth	\$14	 Index Ventures  NEA  DAG VENTURES  khosla ventures  BENCHMARK CAPITAL	Boku secured \$14 million in further venture funding to expand carrier billing across numerous carrier connections in developed and emerging markets.
08/30/2011	Series D	\$35	 ANDREESSEN HOROWITZ  NEA  Telefonica	Boku raised \$35 million in Series D funding. New Enterprise Associates and Telefonica Digital were joined by return backers Andreessen Horowitz, Benchmark Capital, DAG Ventures, Index Ventures and Khosla Ventures.
05/27/2010	Venture	Undisclosed	ANDREESSEN HOROWITZ	Boku received a strategic investment of an undisclosed sum from venture capital firm Andreessen Horowitz.
12/22/2009	Series C	\$25	 Index Ventures  BENCHMARK CAPITAL  khosla ventures  DAG VENTURES	The Company raised \$25 million in Series C funding led by DAG Ventures, with previous investors Benchmark Capital, Index Ventures, and Khosla Ventures participating in the round.
06/16/2009	Series A/B	\$13	 Index Ventures  BENCHMARK CAPITAL  khosla ventures	Boku raised \$13 million in venture capital investment led by Benchmark Capital, with participation from Index Ventures and Khosla Ventures.

Source(s): CapitalIQ, Pitchbook, Press Releases

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