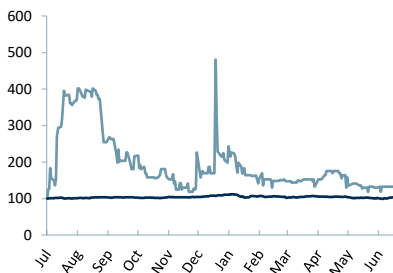


FLASH NOTE

VALUE RANGE

USD 2.31 – 2.55



MRAL 12m Price Rel. vs. OTCQX Composite (darker)

Tuesday, 10 July 2018

Intrinsic Price	\$2.43
Value Range Low	\$2.31
Value Range High	\$2.55
Implied MCAP (m)	\$42.44
Implied EV (m)	\$42.81
OTCQB Index	MRAL
Financial YE	31-Dec
Currency	USD

Business Activity

Consumer retail near-prime lending

Key Metrics

Close Price	\$0.23
MCAP (m)	\$4.102
Net Debt (Cash) (m)	-\$0.361
EV (m)	\$3.74
52 Wk Hi	\$1.19
52 Wk Lo	\$0.18
NAV trailing	\$0.47

Key Ratios

S/P premium to NAV	-50.45%
Charge off (Net Cash) /	11.91%
	-4.36%

Shareholder Equity %

Financials Sector Research

OTCQB Best Market Index

Analyst Team

ACF Financials Team

+44 20 7419 7928

financials@acfequityresearch.com

MRAL Growth Funding Plan

MRAL secures \$20m debt facility for US growth

MRAL (OTCQB:MRAL), Mr. Amazing Loans Corp., formerly IEGH, is a fintech lender to the retail near-prime, but underbanked, US online borrowing market offering USD 5,000 and 10,000 loans. MRAL announced 8th June that via a 100% owned unit MRAL secured a USD 20m lending facility from Investment Evolution Coin Ltd (IEC), itself controlled by MRAL chairman and CEO Paul Mathieson. IEC Ltd is a Singapore public company that issues its own cryptocurrency, IEC (Investment Evolution Coin – see below), which trades on the PayBitto exchange (PayBitto positions itself as a global bitcoin and crypto currency exchange platform).

- Facility - MRAL's wholly owned MRAL Blockchain LLC secures 5-yr, 12%, \$20m from IEC to repackage as short-term credit loans in the US;
- Raise - MRAL issues 360k preferred series H stock at a conversion rate of 50 common shares :1 series H in exchange for \$360k from IEC Ltd;
- Results 1Q18A released 23rd April – revenues contracted 15.6%; CEO to cut salary by 50% from 1st July 2018;
- MRAL abandoned its 2nd LC stock bid 20th February;
- Lending facility will allow MRAL to pursue loan portfolio growth.

	Revenue	EBITDA	FCF	EPS	EPS (diluted)	CPS
2018E	2,001	-2,029	-3,157	-0.27	-0.13	-0.18
2019E	2,952	-1,244	-1,394	549.84	-0.08	-0.08

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)	P/ CPS
2018E	1.87x	-1.84x	-1.19x	-0.87x	-1.78x	-1.30x
2019E	1.27x	-3.01x	-2.68x	-1.39x	-2.83x	-2.94x

10/07/2018	No. of Shares	
Share Price History	in issue	Fully diluted
NoSh (m)	17.46	35.46
Implied Intrinsic Price	\$2.43	\$1.20
Value Range Low	\$2.31	\$1.14
Value Range High	\$2.55	\$1.26
OTCQB	MRAL	
Financial YE	31-Dec	
Reporting Currency	USD	
NoSh (m)		17.5
NoSh (m) expected dilution (Exp D)		17.5
NoSh (m) full dilution (FD)		35.5
Key Metrics		
		adj.
MCAP (m)	\$4.1	\$4.1
Net Debt (Cash) (m)	-\$0.36	-\$0.36
EV (m)	\$3.7	\$3.7
52 Wk Hi	\$1.2	\$0.6
52 Wk Lo	\$0.18	\$0.09
Free Float	20%	20%
*Key Metrics FCF adj.		
	2018E	2019E
CPS (USD)	-0.18	-0.08
CPS (Exp D) (USD)	-0.18	-0.08
CPS (FD) (USD)	-0.09	-0.04
P/CPS	-13.4x	-15.0x
P/CPS (Exp D)	-13.4x	-15.0x
P/CPS (FD)	-27.3x	-30.4x

Above we show full dilution (FD) and expected dilution (Exp D). MRAL shares in issue at the date of this note are 17,463,449. Full dilution as of the date of this note is 35,463,499 based upon the new 360,000 series H preferred stock issued a conversion rate of 50 ordinaries :1 series H (in exchange for USD 360k from IEC Ltd). ACF Value Range of USD 2.31 to 2.55 per share has moved down from USD 2.73 to 3.02 because MRAL has missed our forecasts over the last 3Qs on the back of interesting and worthwhile corporate actions. We have raised our risk adjustment on MRAL's WACC by 5% to bring WACC to 25%.

Investment Case

Competitive background

Fintech MRAL (formerly IEGH) is a disruptive online force attacking the traditional bricks and mortar consumer lending market, as witnessed by its **very successful** \$3.4m cash generating tender offer for OneMain stock during 2017. MRAL's cash cost acquisition (CCA) of loan customers is 4-6% (we estimate average USD 294 per loan) vs. traditional bricks and mortar CCA costs of 8-10%. MRAL targets the near prime loan market (no subprime lending) another differentiator from competitors, such as **LendingClub** and **OneMain**. MRAL prides itself on repeat business (approximately 80% of its loan book is repeat business). Process and contracts are transparent without hidden costs. Interest rates are in line with credit card borrowing (MRAL average less than APR 28.9%) vs. 400% and above for pay-day-loans. MRAL has been hovering around breakeven for 12m excluding a list of corporate action costs over the last 24 months.

Compared to MRAL's competitors such as bricks and mortar OneMain, MRAL has created a pertinent, potentially dominant, brand in Mr. Amazingloans with a simple transparent offering (USD 5k and 10k loans); lends at socially acceptable rates; has an attractive, efficient, fast and convenient loan delivery mechanism; targets the lower risk near prime only market; robust consistent approval process and a lean cost model. **MRAL** has a strong potential growth profile, has entered the break-even zone for underlying operations. We think this makes MRAL relatively bullet proof financially from herein on. The costs and attention spent on corporate actions has caused MRAL to miss our FY17A revenue and EBITDA estimates and the abandoned 2nd LC stock bid one-off costs may cause MRAL to miss our FY18E.

Low distribution costs online - The online fintech strategy lowers costs of customer acquisition (CCA), makes MRAL highly scalable and suggests that past breakeven, incremental revenue will rapidly fall through to EBITDA and FCF. Our estimates reflect this view. This sets MRAL apart from bricks and mortar competitors.

Growth market – The FDIC estimated in 2015 that 1 in 14 US households were unbanked (7.0% vs. 7.7% 13A of pop). or 9.0m vs. 9.6m 13A households. A further 19.9% or 24.5m households were underbanked 15A vs. 20% 13A. The Centre for Financial Services (CFS) estimated that MRAL's product category – short term credit (\$26.2bn, 15A) – grew 11.3% 2014-16E vs. 37% from 2012-14A, whilst single-payment credit (\$36.5bn, 15A), the primary competing product category fell 6.9% 14-16E. We forecast this decline and have written in notes on OneMain and LendingClub, that investors in these companies competing with MRAL in its growing market are ambling towards a long painful decline. MRAL, though recently characterised by a particularly volatile stock price, has a strong growth profile.

Catalysts for further valuation upgrades

Strong FY18E revenues; lower beta (lower volatility) lower risked WACC; positive FCF and EBITDA; FY18E \$3.4-5.4m raise for loans receivable. Grant of stock on a 1:1 basis in IEC Ltd to existing MRAL shareholders

Investment Evolution Coin

IEC cryptocurrency trades on global exchange PayBitto.

IEC Ltd will use its coin as a way of offering fast and free payments to the Philippines by FOFWs.

IEC Ltd also plans to launch its own cryptocurrency exchanges (IECX) in Malta and Dubai.

IEC Ltd wants to offer IEC cryptocurrency loans to payments customers.

IEC Ltd wants to offer exchange listing services.

MRAL announced on 14th March 2018 that it had created a Singapore based entity called Investment Evolution Coin Ltd (IEC Ltd)

IEC Ltd is a Singapore public company with its own cryptocurrency, Investment Evolution Coin (“IEC”) that currently trades on the global PayBitto exchange.

According to management at MRAL, cryptocurrency IEC will initially be used to facilitate fast and free payments to the Philippines by Filipino Overseas Foreign Workers (FOFWs) located in Europe and the Middle East, before expanding to other global consumer and business cryptocurrency payment markets.

IEC Ltd also plans to launch its own global cryptocurrency exchanges in Malta and Dubai named Investment Evolution Exchange (IECX), offer IEC cryptocurrency loans to its payments customers and provide cryptocurrency token creation/exchange listing services utilizing the IEC network and IECX.

Valuation

ACF est. USD (k)	2017A	2018E	2019E	2020E	2021E
Revenue	1,696	2,001	2,952	5,373	8,275
EBITDA	-3,223	-2,029	-1,244	337	2,884
Net Income	-5,506	-4,688	-2,942	-2,900	-2,305
FCF	-3,622	-3,157	-1,394	65	2,466
CPS (diluted)	-0.32	-0.09	-0.04	0.00	0.07

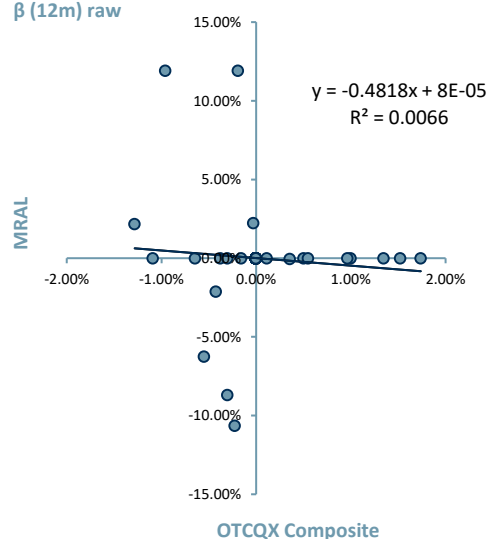
MRAL WACC Calc

Pre-tax cost of debt	5.4%
ETR	40.0%
After-tax cost of debt	3.2%
Current Leverage	
Debt/(Cash)	-8.8%
Equity	4,102
Target Leverage	
D / (D+E)	10.0%
ACF β adj levered	3.93
rf	0.80%
Rm	6.2%
ERP	5.4%
Cost of equity	22.00%
Risk adj.	5.00%
WACC	25.13%

*Bloomberg ticker indicates ACF market ERP

Note: We assume the conservative Debt / Equity target mix 10%, up from 0% at initiation. It is likely that MRAL will raise this target ratio in the future.

β (12m) raw



In our 2016 MRAL initiation note we assumed a Debt/Equity mix of 0% which produced a higher WACC. Our WACC is 25.13% up from 20.13% post YE17 and 11.58% at 1Q17 via a higher risk adjustment and a higher beta, up 3.4x since 1Q, due to higher share price volatility, which is now starting to reduce.

Valuation Range

NPV FCF (k)	869	
NPV TV FCF (k)	41,936	
EVF (k)	42,806	
TV Multiple	22.0x	
% TV of total NPV	97.97%	
Net Debt/(Cash) (k)	-361	
Fair Value (k)	42,445	
NoSh (m)	17,463.45	
NoSh (diluted) (m)	35,463.45	
Intrinsic Value Per Share USD	2.43	
Close Price USD	0.23	
VR (low - high)	2.31	2.55
VR Spread	10.00%	
Implied VR Return (low - high)	883.0%	986.4%

Note: Close price on front page of this ACF research note is based on shares in issue (NoSh) on 18/06/2018 of 17,463,449. Fully diluted 17,463,449 (includes 305k H shares issued 15th Dec 17) as expected 31st Dec 2017.

Our forecasts period is 5 years (and not the typical and unreliable 10 years). Given MRAL's fintech status we have moved closer to typical EBITDA and FCF TV multiples for fintech.

We have reduced the valuation range spread to 10% post 3Q17 results from a 2Q17 VR spread of 20% as the volatility we anticipated has now been captured in the beta during 3Q17 and beta has since fallen slightly further since our 16/Mar/2018 note.

P&L, Cash Flow and Balance Sheet forecasts

P&L USD (k)	2016A	2017A	2018E	2019E	2020E
Revs	2,135	1,696	2,001	2,952	5,373
gr%	16%	-21%	18%	47%	82%
GP	2,135	1,696	2,001	2,952	5,373
% Revs	100%	100%	100%	100%	100%
SGA	5,002	4,920	4,808	4,192	5,032
% Revs	234%	290%	240%	142%	94%
EBITDA	-2,867	-3,223	-2,029	-1,244	337
% Revs	-134%	-190%	-101%	-42%	6%
Provisions credit loss	1,865	1,495	1,100	1,698	3,237
% Revs	87%	88%	55%	58%	60%
EBIT	-4,741	-4,724	-3,911	-2,942	-2,900
EBT	-4,729	-5,505	-4,688	-2,942	-2,900
ETR	0%	0%	0%	0%	0%
Tax	0	0	0	0	0
NI	-4,729	-5,505	-4,688	-2,942	-2,900
% Revs	-221%	-325%	-234%	-100%	-54%
Cash Flow USD (k)	2016A	2017A	2018E	2019E	2020E
Profit/(loss) for period	-4,729	-5,505	-4,688	-2,942	-2,900
Provisions credit loss	1,865	1,495	1,100	1,698	3,237
D&A	9	6	4	4	4
Othe non-cash items	1	332	332	0	0
WCap Change	77	51	95	-148	-269
Net CFO	-2,778	-3,621	-3,157	-1,388	73
Cash Taxes	0	0	0	0	0
Capex	0	0	0	6	8
FCF	-2,778	-3,621	-3,157	-1,394	65
Net CF from Financing	3,730	4,231	3,876	5,372	10,133
Net loans originated	1,116	228	874	3,830	9,929
Net Cash In/(Out)	-163	382	-155	148	269
Cash previous YE	486	322	704	550	697
Cash & CE	322	704	550	697	966
Balance Sheet USD (k)	2016A	2017A	2018E	2019E	2020E
Tangible Assets	29	27	27	0	0
Loans rcvble net	7,161	6,375	5,964	9,182	17,525
Total Fixed Assets	7,189	6,402	5,991	9,182	17,525
Current assets	112	98	115	170	310
Cash	486	322	550	697	966
Total Current Assets	598	420	665	868	1,276
Creditors	40	0	69	102	186
Accruals & Loans	96	1	-411	3,192	11,534
Net Assets	7,650	6,821	6,998	6,756	7,080
Share Capital	2,007	2,233	2,236	2,236	2,236
Reserves					
Share Premium	20,327	24,776	29,638	32,339	35,564
Accum. Profit/(loss)	-14,683	-20,189	-24,877	-27,819	-30,720
Total Equity	7,650	6,821	6,998	6,756	7,080

Source: ACF Research Estimates; Company reports.

Notes [Intentionally Blank]

INDEPENDENCE & DISTRIBUTION

ACF Equity Research Ltd is a provider of issuer-pays research with a clearly defined independent ethic. ACF produces accurate, clear, focused research aimed at a professional investment audience. ACF has excellent distribution capabilities and always aims to provide access without restriction to the widest professional audience. ACF offers a range of additional services to support its clients.

DISCLAIMER

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. [The opinions expressed in this report herein do not take into account individual investor circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein.] ACF Equity Research Ltd has based this document on information obtained from sources it believes to be reliable, but which it has not independently verified. Neither ACF Equity Research Ltd. nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. [Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by ACF Equity Research Ltd. with respect to future performance. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.]

IMPORTANT DISCLOSURES FOR U.S. INVESTORS

This research report was prepared by ACF Equity Research Ltd., a company authorized to engage in securities activities in the United Kingdom. ACF Equity Research Ltd. is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended. Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through, a registered broker-dealer in the United States. The analyst who prepared this research report is not registered or qualified with the Financial Industry Regulatory Authority ("FINRA") and may not be associated with a U.S. broker dealer and as such, would not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

[Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.]

LEGAL NOTICE

This report is for authorized use by the intended recipient(s) only. It may contain proprietary material, confidential information and/or be subject to legal privilege. No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of ACF Equity Research Ltd. and ACF Equity Research Ltd. accepts no liability whatsoever for the actions of third parties in this respect.

IMPORTANT ADDITIONAL DISCLOSURES FOR U.K. INVESTORS

The information in this report has been prepared by ACF Equity Research Ltd (ACF). The research is published for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any securities or any financial instruments.

ACF has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of ACF Equity Research Limited. The material should not be regarded by recipients as a substitute for the exercise of their own judgment. Past performance does not guarantee future performance.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of ACF which may, from time to time, solicit business from any of the companies referred to in this report. The analyst(s) responsible for covering securities in this report may not hold a position in any or related securities in this report in ACF's sector universe or in any other sector in which ACF carries out research. The company does not hold any position in the securities mentioned in this report.

ACF is regulated as an Appointed Representative of City & Merchant Limited which is authorized and regulated by the Financial Conduct Authority. This research report and its contents are intended for professional investors and not for retail investors. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the investment research. ACF Equity Research Limited is authorised and regulated by the Financial Conduct Authority. However, the contents of this research report are produced as if ACF Equity Research Limited is unregulated and consequently this report does not contain investment recommendations or ratings. ACF has designed its own independence standards that we believe far exceed the legal framework requirements.

ACF, its directors, employees and agents accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or part of these materials. The information in this report is provided with the understanding that ACF is not acting in a fiduciary capacity. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall in no way constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Copyright © 2017 ACF Equity Research all rights reserved. Additional information is available upon request.

ACF Equity Research Limited, 125 Old Broad Street, London, EC2N 1AR, U.K.

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com