

UPDATE

VALUE RANGE

EUR 15.65 – 17.29



Thursday, 10 March 2022

Intrinsic Price €	16.47
Value Range Low €	15.65
Value Range High €	17.29
Implied MCAP €(m)	62.13
Implied EV €(m)	62.00
CSE	REPX
Financial YE	31-Dec
Currency	EUR

Business Activity

Fintech and esports

Key Metrics

Close Price €	11.25
MCAP €(m)	42.4
Net Debt (Cash) €(m)	-€0.1
EV €(m)	42.3
52 Wk Hi €	NM
52 Wk Lo €	NM

Key Ratios

Net Debt / Shareholder Equity %	-0.21%
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Fintech Sector

Gaming Sector

Analyst Team

+44 20 7419 7928
 financials@acfequityresearch.com
 egaming@acfequityresearch.com

The Reputation Exchange Plc

Strategic Update

The Reputation Exchange (REPX) is a fintech/esports company with a strongly differentiated social engagement neobank model using affiliate marketing. With branded prepaid cards assigned to top sporting and influencer brands planned for roll-out in the next 21 months. Since our last note REPX has received: LSE standard list sign-off, conditional US OTCQX ticker approval, its first patent approval for the singing card and increased its number of cards in production by 2023, and has launched AC Milan's Italy REPX PayFan card in Dec 21. We have recast our revenue and cost development expectations. Our subs win assumptions are highly conservative, revenue growth modest and cost assumptions aggressive. Compared to peers our valuation is modest.

- Acquisition completed BSS-One 50.1% (revs 21E €0.956m);
- Cards delivered/ in production 140k (Revs 22E >€14m);
- Points of Sale (PoS) increased to ~74k up from 49k;
- Launched Ac Milan PayFan Card in Italy, Roma FC App + 10k cards;
- Management team evolving and internationalising.

ACF est. € (m)	Revenue	EBITDA	CPS (€)	CPS (€)	CPS (dil) (€)
2022E	14.05	3.39	0.08	0.08	0.07
2023E	39.11	12.97	2.77	2.77	2.40

Multiples	EV/ Revenue	EV/ EBITDA	EV/ CPS (€)	P/ CPS	P/ CPS	CPS (dil)
2022E	4.4x	18.3x	784.9x	784.9x	904.8x	
2023E	1.6x	4.8x	22.4x	22.4x	25.8x	

Investment Case

REPX is a fintech ‘neobank’ and esports company with a unique ‘social selling’ model leveraging social media and affiliate marketing to monetize the massive fan base of, sports teams, egaming, celebrities and entertainers. REPX’s social selling fan offering delivers (via affiliate marketing) co-branded prepaid cards and other digital products. It splits revenues with the sports teams/celebrities and Visa/Mastercard. REPX’s model delivers lower SACs vs. neobank peers by accessing the distribution power of top-global brands.

- **Market opportunity - Top brands targeted by REPX have a reach of ~480m followers** - REPX onboarded **10 partners** including two of the biggest global sports clubs. Our extremely conservative conversion rate of 0.07-0.35%, means REPX net subs can exceed **~1m** from this initial audience by 24E in our forecasts. Allied Market Research, expects the global neo / challenger bank market to reach \$471bn by 2027, representing a CAGR of 48.1% during 2019A-2027E.

- **Positioning - REPX ranks 9th amongst fintech brands for brand sponsorship** (see exhibit) REPX will **enter the esports market** via a partnership strategy to launch a payment/prize collection app aimed at unbanked / junior gamers. REPX’s distribution power is a material competitive advantage with lower SACs and earlier positive FCF cf. other early stage fintech / esports start-ups.

- **Delivery of products** – Top brands in receipt of REPX products (examples)
- **Delivered - AC Milan** football club PayFan Card and app.
- **Delivered - Roma** football club PayFan Card and app.
- **More expected product launches** – REPX has multiple launches in its pipeline.

- **Valuation approach** – we have used DCF, weighted estimates and trading (x). Our DCF valuation approach leads to an **REPX value of ~EUR 62m**. Our weighted estimate valuation leads to an **REPX value of ~EUR 191m**. Our EV / sub peer valuation approach implies a REPX value of **~EUR 750m**.

Catalysts

LSE standard list introduction; equity capital raise (raised €1.2m since our last note for use in operations); fulfilment of €3.5m Vienna listed bond (€1.3m raised to date); launch of new products; more partnerships with world-renowned sports teams and celebrities; majority stake sale to a strategic partner (Deloitte is mandated to help REPX examine strategic partner options).

Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	3.272	3.772
Implied Intrinsic Price	€18.99	€16.47
Value Range Low	€17.09	€15.65
Value Range High	€20.88	€17.29
CSE	REPX	
Financial YE	31-Dec	
Reporting Currency	EUR	
NoSh (m)		3.272
NoSh (m) expected dilution (Exp D)		3.772
NoSh (m) full dilution (FD)		3.772
Key Metrics	€	adj.
MCAP (m)	62.1	62.1
Net Debt (Cash) (m)	(0.1)	(0.1)
EV (m)	62.0	62.0
52 Wk Hi	NM	NM
52 Wk Lo	NM	NM
Free Float	NM	NM
*Key Metrics FCF adj.	2022E	2023E
CPS (C\$)	0.08	2.77
CPS (Exp D) (C\$)	0.08	2.77
CPS (FD) (C\$)	0.07	2.40
P/CPS	784.9x	22.4x
P/CPS (Exp D)	784.9x	22.4x
P/CPS (FD)	904.8x	25.8x

REPX compares itself to other non-bricks and mortar banking companies such as Revolut, N26 and Monzo, which offer prepaid cards.

Operational Progress Overview

During 2021 since our last note REPX has delivered. Despite significant delays and challenges largely out of REPX's control including Brexit, LSE listing requirements and the pandemic, REPX has executed significant elements of its strategy and transformed into a very different organisation during 2021.

- **Strengthened board** in prep for LSE standard list introduction (see below);
- **Audited** YE20 financials;
- **Acquired** 50.1% of software and web developer BSS-One - Revs 21E €0.956m;
- **Extended** distribution network to **99k PoS** in Italy;
- **Produced cards** – 140k (100K prepaid and 40 K gift), further 260k ordered;
- **PoS signed agreements:** Mooney-Sisal 49k and Epipoli 25k, total 74k.

Exhibit 1: Total fan base from signed partnerships

Note that the Russian/Ukraine conflict may impact the delivery of new products and the company's time lines in unforeseen ways.

Fan base (m)	Type	Followers	% of active followers	Active Followers
Bundesliga Team	FC	150.00	50%	75.00
Real Madrid C.F.	FC	53.40	50%	26.70
A.C. Milan	FC	46.64	50%	23.32
A.S. Roma	FC	12.90	50%	6.45
Napoli	FC	8.00	50%	4.00
Glasgow Rangers	FC	2.00	50%	1.00
Granada	FC	1	50%	0.5
Parma Calcio 1913	FC	0.77	50%	0.38
Udinese Calcio	FC	0.61	50%	0.30
eSerie A TIM	esports	47.00	50%	23.50
8x Mille card	Charity	39.00	50%	19.50
Total Fan Base		361.32	50%	180.66

Sources: ACF Equity Research; Company reports; Management.

Cards delivered, in production/ordered 2021A for football clubs, total 495k. REPX has delivered 20k cards to Roma FC. A further 120k cards are in production split between Milan, Real Madrid, Wolverhampton and Torino. A further 200k cards (8xMille) have been ordered for 2Q22E launch.

Note that the Russian/Ukraine conflict may impact the delivery of new products and the company's time lines in unforeseen ways.

On 28 September 2021, REPX received **patent approval** for the 'Metodo e Sistema per la Notifica Personalizzata di Pagamento Elettronici, in Particolare Tramite Carte di Pagamento' (Method and System for the Personalised Notification of Electronic Payments, in particular, through Payment Cards). The technology allows card users to select a song or football anthem, that plays each time the card is used.

Products that went live in 2021 - The **PayFan Card** with singing capabilities, (Milan and Roma) Project **Gift Card Note** that the 8xMille is a charitable donation card – a self-funding, partnership driven, REPX branding strategy.

For 2022 we expect the following new products - The Fashion Card, Two Chip Card and the Black Box Card. **Note that the Russian/Ukraine conflict may impact the delivery of new products and the company's time lines in unforeseen ways.**

In our previous note we confirmed that REPX listed on the Cyprus Stock Exchange (“CSE”). REPX is applying for the equivalent of an EML licence in the European Union via Latvia as REPX expects this to be a faster and less expensive process compared with the FCA EML licence process. During Dec 21 the LSE approved REPX’s prospectus for the standard list. According to REPX management, the US’s OTCQX has approved REPX’s inclusion subject to execution of its LSE Standard List IPO. The OTCQX US ticker will provide REPX with easier access to US investors and liquidity. OTCQX additional trading volumes are printed through London.

Exhibit 2: Supplier agreement status as of 18 Jun 21

Counterparty	Status	Service/Relationship
BSS ONE	Acquired control	App SoW and development
Vanquish Investments	Global Signed Agreement (+unsigned draft)	Marketing & Sales partner
The Lifestyle Card Ltd	Signed Agreement	UK loyalty / discount programme
Onfido	Signed T&Cs and Sales Order	KYC
Thames Technology	Signed Agreement	Card issuer
Railsbank	Prepaid Card Specs (updated) Railsbank Account Merchant Application Form Prepaid Card Services Agreement	Card issuer counterparty - Visa North America, EU, UK)
Es Solo	Signed – issuing first 10k cards for Real Madrid’s LatAm fan base	Card issuer counterparty -Visa and Mastercard (LatAm
Mooney S.p.A	Signed Agreement	Card issuer and PoS top-up service
Epipoli S.pA	Signed Agreement	PoS Gift cards and commercial agreement

Sources: ACF Equity Research, Management discussion, Deloitte Financial Advisory.

Management Team

➤ Executive Chairman, Ezio Simonelli



Ezio was acting president of the Lega Serie A (governing body) in 2017. Ezio's experience is in accounting and auditing. He is managing partner at Simonelli Associati. Ezio is on the BoD of Fondazione Banca Popolare Milano; a Member of Statutory Auditors at Mondadori SpA and Recrodati SpA; and a Chair of Statutory Auditors at Sisal Group SpA, Vortice SpA and Mediaset Italia. Ezio has authored several corporate finance books.

➤ Chief Executive Officer, Ian Clowes



Ian is a former Chairman of Paynetics (a UK FCA regulated card issuer). Ian has 10+ years of experience working in the fintech sector, serving on the board of several fintech companies in the airline, commodities and financial sectors. Ian was also founder and CEO of Payment Cloud Technologies (PCT) – a digital payment solutions company. He was also Director and Head of Banking Operations at Abbey (now Santander).

➤ Managing Director / Acting CFO, Claudio Garavaglia



Claudio is the Deputy Chairman of Ambrosetti Asset Management and former CEO of Pegaso Investimenti and Mittel Capital Markets. Claudio has 35 years of experience in investment banking, M&A, capital markets, asset management and IPOs (particularly mid-cap). Claudio has been an MD of Lazard, Société Générale and Wells Fargo, managed over 250 corporate deals, achieving private equity cash exits above 7x.

➤ SVP, Head of Business Development, Amanda Harrison



Amanda was a member of the Paynetics UK Executive Board, developing Paynetics' first 100 Days 'Go to Market Strategy', signing 15 brands in under 12m. She was part of Paynetics application for an Electronic Money Institution (EMI) license from the UK's FCA. She has previously worked highly successfully in business development and sales in payment solutions for PPS (an EML company), FIS Global and Omnio.

Board of Directors (selection)

➤ **Non-Executive Director, Ernesto Paolillo**



Ernesto is a former CEO of Fondazione Banca Popolare di Milano; from 2005-2012, CEO of Inter F.C.. Ernesto teaches Economics and Management of Sports Enterprises at the Università Cattaneo – LIUC in Castellanza, Italy. Ernesto is the ViP of Banca Akros, President of Finetwork (Financial Network srl), is on the BoD at Fiera Milan SpA, the SEA (Società Esercizi Aeroportuali), the Pier Lombardo Foundation and the Emergency Foundation. He is also honorary President of the Forex Club.

➤ **Non-Executive Director, Prof. Francesco De Leo**



Francesco is a member of the UN Global Sustainability Index Institute, presenting in Davos (WEF) since 2012. He is Exec. Chair of Kaufmann & Partners (K&P), a telco and media corporate finance advisor. Amongst others, he served as a senior executive officer at IFIL (now, Exor), FCA (Fiat-Chrysler Automobiles), Ferrari, Worms, Juventus F.C., Telecom Italia, Wind Telecom, the Board of TIM and Qualcomm backed Graviton. He has a BA Econ. (Bocconi) and a Ph.D. in Strategy and Organisation (UCLA).

➤ **Non-Executive Director, Prof. Vincenzo Riccardo Vespri**



Vincenzo is a Professor of Mathematics at the University of Florence. Vincenzo specialises in mathematical economics, finance and new technology, including blockchain. Vincenzo was recently appointed by the Italian Ministry of University and Research, as its representative at the G7 scientific institution of the Carnegie Group.

➤ **Independent Non-Executive, Basil Petrides LL.B.**



Basil is a Chartered Member of the UK’s CISI. He has extensive experience in capital markets including IPOs and secondary placements and NED roles. Basil has previously worked at HSBC Group, LME member Gerald, ADM a Fortune 500 company, Goldenberg Heymeyer & Co., brokers Hartmann Capital, and also Beaufort, an AiM specialist. He is a financial markets commentator and volunteers at London’s Royal Free Hospital.

Valuation - DCF

Exhibit 3: REPX WACC, DCF and Value Range

ACF est. € (m)	2021E	2022E	2023E	2024E	2025E
Revenue	1.09	14.05	39.11	60.42	76.67
EBITDA	-1.30	3.39	12.97	20.52	26.36
Net income	-1.33	2.58	9.93	15.73	20.21
FCF	-1.94	0.26	9.07	15.97	21.10
CPS (dil) (€)	-0.62	0.07	2.40	4.23	5.59

Our forecasts are based on a normalised proforma approach for 2019 and 2020 and consolidated for the BSS One acquisition for 2020 and forecast periods.

We see fair value of REPX at EUR 16.47 per share.

REPX - WACC Calc	
Pre-tax cost of debt	0.0%
ETR	23.2%
After-tax cost of debt	0.0%
Current Leverage	0.0%
Debt/(Cash)	-
Equity	0.2
Target Leverage	0.0%
D / (D+E)	0.0%
ACF β adj levered	1.80
rf	2.00%
ERP	5.7%
Cost of equity	12.2%
Risk adj.	3.5%
WACC	15.74%

We have reduced our WACC by 4% based on project execution progress since our last note. We arrive at a discount rate of 15.74% for REPX as shown in the calculation here. We use an additional risk adjustment factor of ~3.5% as REPX is still in its early stage of operations.

Note: Successful completion of feasibility study will significantly reduce our WACC.

We have used a Terminal Value FCF growth rate of 3.5%.

Our terminal growth rate is based on average global GDP growth.

Using a Terminal Value growth, (rather than a multiple), is a particularly conservative approach.

Our GDP based growth rate assumption is also conservative for a fintech stock.

Valuation Range	
NPV FCF (€m)	62.0
Net Debt/(Cash) (k)	-0.1
Fair Value (€m)	62.1
NoSh (m)	3.3
NoSh (diluted) (m)	3.8
Intrinsic Value Per Share (€)	16.47
Close Price (€)	11.25
VR (low - high)	15.65 17.29
VR Spread	10.00%
Implied VR (low - high)	39.1% 53.7%

Note: implied value range in this ACF research note is based upon diluted shares in issue (0m) at the date of this note.

Sensitivity Analysis

DCF valuation €62.1m, at 10% standard deviation suggesting €15.65-17.29 per share at full dilution pre-new money (£13.01-14.38 per share).

Using listed peer group multiple averages for FCF and EBITDA and then also peer group average margin for REPX suggests a weighted fair value of €191m.

Our valuation is conservative. We have factored in a risk adjustment to account for execution uncertainties associated with the REPX project, which we have lowered in this note due to execution progress since our last note. In exhibit 4 below, we show our Discounted Cash Flow (DCF) valuation in more detail. **We have used a 10% standard deviation to reflect current market conditions up from a 5% sd. Our fully diluted s/p range is €15.65 – 17.29 (£13.10-14.38) pre new money.**

In exhibit 9 below, in the revenue drivers’ section, we have assumed a subscriber conversion rate of 0.9% to 0.45% out to 2025E, which is between our low and mid case and transaction volumes (card usage) of EUR 40 p.a. per sub (customer/cardholder), and an aggressive churn rate of 40% amongst other conservative factors. **Our DCF valuation approach leads to a REPX value of ~EUR 62.1m reflecting operational progress but tempered with a 100% increase in the standard deviation of our value range and a higher WACC reflecting current market conditions.**

Exhibit 4: Cash Flow model

In exhibit 4 we show our Discounted Cash Flow (DCF) valuation in more detail.

Our forecasts are based on a normalised proforma approach for 2019 and 2020 and consolidated for the BSS One acquisition for 2020 and the forecast periods.

We used a terminal value growth rate for FCF of 3.5% as opposed to a terminal value multiple of e.g., EV/FCF or EV/EBITDA. This is a particularly conservative approach.

REPX DCF (€ m)	2021E	2022E	2023E	2024E	2025E	Terminal Value
EBITDA	-1.30	3.39	12.97	20.52	26.36	
Working Capital	-0.13	-0.85	-0.40	0.21	0.86	
Capex	-0.50	-2.60	-1.60	-1.10	-1.10	
Taxes	0.00	0.00	-0.78	-3.01	-4.76	
Cash flow after-tax	-1.94	-0.06	10.19	16.63	21.36	78.09
NPV €(m)	-1.67	-0.05	6.57	9.26	10.28	37.60
Total NPV	62.00					
Cash	0.13					
Debt	0.00					
Implied equity	62.13					

Sources: ACF Research Estimates; Company reports.

Exhibit 5: Valuation (€m) sensitivity to Terminal Growth and WACC

WACC (%)	Equity value				
	Terminal Growth (%)				
	2.5%	3.0%	3.5%	4.0%	4.5%
12%	87.38	91.05	95.16	99.80	105.08
14%	70.70	72.98	75.49	78.26	81.32
16%	58.95	60.48	62.13	63.92	65.87
18%	50.23	51.30	52.44	53.67	54.99
20%	43.48	44.26	45.08	45.96	46.90
22%	38.10	38.69	39.30	39.95	40.64

Sources: ACF Research Estimates.

Peer Group Comparators

*Large addressable market opportunity.
We consider REPX relevant valuation
peers to be the global neo and challenger
banking market.*

In our most relevant peer group for REPX are companies in the Neo and Challenger banking sector. These include business such as Nubank, Chime, N26, Monzo and Revolut. However, these companies are not listed, which makes it difficult to get the data needed for peer comparison.

Nevertheless, we have provided a contemporary estimate of value per customer where this has been possible.

We have used the most up to date public sources available for these private neobanks. We have compared our inferred valuations per customer for the private neobanks with our implied valuation per customer for REPX based on our 2021E forecasts for subscribers to the REPX cards. The results are very favourable for REPX investors.

We have also chosen listed fintech companies which offer payments technology and solutions including prepaid cards, debit cards and other payment instruments. These are REPX's closest and most relevant peers for valuation purposes, in our view.

Where relevant data is available we have also included the listed peers in our valuation per customer table.

REPX is excluded from the constituents of our average or median values in the peer group metrics at the bottom of exhibit 7. We have excluded REPX from these values to make the comparison with the rest of the peer group as clean and undistorted as possible.

The neo and challenger banking peers are typically valued on a per card basis. These businesses, excluding outliers, justify valuations in the range of EUR 550-2,000 per customer (subscriber). Revolut's valuation of EUR 30bn with around 15m customers, equates to a valuation of approximately EUR 2,018 per subscriber. Similarly, Chime is valued at EUR 1,911 per subscriber (with a valuation of €23bn) and Nubank is valued at EUR 573 per subscriber (valuation €27bn).

Peer Group – Private Corps

Revolut is a UK-based fintech company that offers various banking services including prepaid cards, currency exchange and peer-to-peer payments. As of end 2021, it has ~15m active subscribers with a valuation of US\$ 33bn.

N26 is a German based neobanking company which provides various financial services including current account, debit card, money transfer, overdraft and other services. Customers can access all the services via a smartphone application. Its operations are spread across the European Union as well as the United States. As of end 2021, the company has nearly 7m active subscribers and has been valued at US\$ 9bn.

Monzo is a UK based digital only bank that allows customers to access a range of products and services including current account, debit cards and other banking services. These services can be accessed by customers via their mobile phones. As of Feb 2021, it has 5m active subscribers and as of Dec 2021 Monzo was valued at US\$ 4.5bn.

Nubank is a Brazil based neobank and the largest fintech company in Latin America. It provides banking services to the population, the majority of whom did not have access to traditional banking. It offers services including credit cards, direct deposits, personal loans and others. As of end 2021, it has 48m active subscribers and has been valued at US\$ 30bn.

Chime is US-based neobank which provides financial services via a mobile app. Its products include checking account, savings account, debit cards, P2P payments and overdraft. It has nearly 12m subscribers as of end 2021 and was valued at US\$ 25bn.

Valuation – Trading Multiples

Using listed peer group multiple averages for FCF and EBITDA and then also peer group average margin for REPX suggests a weighted fair value of €191m.

Our forecasts are based on a normalised proforma approach for 2019 and 2020 and consolidated for the BSS One acquisition for 2020 and forecast periods.

In exhibit 6 and 7 below, we show REPX valuations based upon approaches using industry peer companies trading multiples / margins (EV/Sales, EV/EBITDA, EV/FCF). **Our weighted estimate valuation approach leads to an REPX value of EUR 191m.** In the last column of exhibit 6 we apply a public company peer group average FCF margin of 25% to our REPX forecasts and peer average EV/FCF ~TV 23x. **Our peer group EV/FCF trading multiples implies an REPX value of EUR ~240m** with our REPX 23E forecasts.

These approaches show our DCF and FCF growth assumption of 3.5% to be **a) modest, b) captures execution risk fairly and, c) provides scope for investor upside** once REPX lists on the LSE and secures its additional capital.

Exhibit 6: Peer Group valuation

Peer Valuation - REPX (in € m except per share)	Revenue	EBITDA	FCF REPX	FCF REPX using Peer Average Margin
2023 Estimates	39.1	13.0	9.1	10.4
Multiple (x)	5.2	16.0	25.9	22.9
EV	203.2	208.0	235.2	237.8
Debt	0.0	0.0	0.0	0.0
Cash	0.1	0.1	0.1	0.1
Implied Equity	203.4	208.2	235.3	237.9
Implied Equity Discounted @WACC	175.7	179.9	203.3	205.5
Weight	25.0%	25.0%	25.0%	25.0%
Fair Value Estimate of Implied Equity	191.1			

Sources: ACF Research Estimates; Companies reports; Bloomberg.

Exhibit 7: Trailing REPX peer group metrics US\$

Trailing TTM Metrics / Company Name	Market	Tkr	EV \$(m)	Revs \$(m)	EBITDA \$(m)	EV / REVS	EV / EBITDA	EV / FCF
REPX 2022E	CSE	REPX	68	15	4	-0.1x	4.4x	18.3x
Fiserv	Nasdaq	FISV	84,350	16,230	5,500	5.2x	15.3x	26.8x
Global Payments	NYSE	GPN	48,900	8,520	3,450	5.7x	14.2x	17.5x
Discover Financial	NYSE	DFS	46,810	11,870	N/A	3.9x	N/A	N/A
Edenred	Euronext	EDEN	12,647	1,721	605	7.3x	20.9x	N/A
WEX	NYSE	WEX	9,180	2,015	548	4.6x	16.7x	9.4x
Evertec	Nasdaq	EVTC	3,120	590	246	5.3x	12.7x	25.9x
Bottomline	NYSE	EPAY	2,620	495	33	5.3x	80.2x	36.1x
EVO Payments	NYSE	EVOP	1,630	497	155	3.3x	10.5x	36.1x
i3 Verticals	Nasdaq	IIIV	859	253	32	3.4x	26.7x	8.2x
Average						4.9x	24.7x	22.9x
Median						5.2x	16.0x	25.9x

Sources: ACF Research Estimates; Company reports.

Valuation – Transaction Multiples

In exhibit 8, we show the valuation of REPX on a per customer basis on our 2022E REPX net customer (subs) forecasts and compare this to private and public peers using up to date public information. Where we have been unable to determine an up-to-date valuation and customer numbers, we have excluded a potential peer.

Our transaction valuation approach based upon EV per sub 2022E valuation leads to an REPX value of ~EUR 750m (median EV per sub x REPX 2023E subs). Our EV/ per sub average and median capture private companies only and exclude high value outlier Oaknorth.

Our multiple of REXP sub value average and median multiples capture private and public companies in the table but exclude high value outlier Oaknorth.

Exhibit 8: **Per customer (sub) peer group enterprise values €**

Company Name	Market	Tkr	EV €(m)	Subs (m)	EV/ per Sub €	Multiple of REXP sub value
REPX	CSE	REPX	62	0.666	93	1.0x
Oaknorth	Private	NA	4,586	0.175	26,206	281.0x
Atom bank	Private	NA	540	0.130	4,156	44.6x
Revolut	Private	NA	30,268	15	2,018	21.6x
Chime	Private	NA	22,930	12	1,911	20.5x
N26	Private	NA	8,255	7	1,179	12.6x
Sofi	Private	NA	7,934	8	1,058	11.3x
Monzo	Private	NA	4,127	5	825	8.9x
Nubank	Private	NA	27,516	48	573	6.1x
Neon	Private	NA	1,266	15	84	0.9x
Edenred	Euronext	EDEN	11,600	2	5,800	62.2x
Discover Financial	NYSE	DFS	42,934	57	753	8.1x
WEX	NYSE	WEX	8,420	46	185	2.0x
Global Payments	NYSE	GPN	44,851	600	75	0.8x
Average					1,476	16.6x
Median					1,119	10.1x

Sources: ACF Research Estimates.

REPX is excluded from our average and median calculations in the table above in order to avoid distortions and to make the values as comparable as possible with REPX's value per customer (our number of customers in based upon our 2023E subscriber forecasts, themselves based upon assumptions between our low and mid case subscriber wins scenarios).

Our EV/ per sub average and median capture private companies only and exclude high value outlier Oaknorth.

Our multiple of REXP sub value average and median multiples capture private and public companies in the table but exclude high value outlier Oaknorth.

Revenue Drivers

Our forecasts are based on a normalised proforma approach for 2019 and 2020 and consolidated for the BSS One acquisition for 2020 and forecast periods.

Using model assumptions for fan and follower numbers, subscription rates, card subscription prices, rebate percentages, card usage and other factors, we arrive at our revenue model. See exhibit 9, below.

In exhibit 10 below we show REPX's current directly addressable market – in other words the football teams, egaming and celebrities for which REPX has signed contracts as part its affiliate marketing strategy to win customers – we show the fan base for each contract and assume that only 50% of the registered fan base is active. In our valuation model, we assume REPX wins 0.09% to 0.45% of the fan base as subs, which is between our low and mid case subs win rate of 0.2% to 0.53% in the exhibit below.

Exhibit 9: **Teams & Celebrities revenue table**

Teams & Celebrities		2021E	2022E	2023E	2024E
Fan base	180,657,646				
Subs proportion		0.00%	0.09%	0.31%	0.40%
New cards sold		0	165,091	566,950	729,779
Subs carried forward		0	0	165,091	666,005
Subs churn	40%	0	0	66,036	266,402
Net subs		0	165,091	666,005	1,129,382
Cost, PayFan Card	40				
a) Revs from Payfan initial Card Purchase €(m)		0.00	6.60	22.68	29.19
Cost, '8x1000' Gift Card	150				
b) Revs 8x1000 Gift Card purchase €(m)		0.00	3.00	0.00	0.00
Annual card subs		0	0	99,055	399,603
Rate of use	50%				
Renewal fee, Visa	35				
c) Revs p.a. Payfan Card renewal €(m)		0.00	0.00	1.73	6.99
Fan base	180,657,646				
Net subs		0	165,091	666,005	1,129,382
Rate of use	50%				
Rev transactions p.a.	40				
		0.00	3.30	13.32	22.59
Total Revs - Teams & Celebrities €(m)		0.00	12.91	37.73	58.77

Sources: ACF Research Estimates; Company reports.

Exhibit 10: REPX signed fan base portfolio

Signed Partnerships	Type of star brand	Fan base subs (m)	Low case est. *CR	Low case potential REPX subs (m)	Mid case est. *CR	Potential REPX subs (m)
Bundesliga Team	Global brand FC	150.0	0.2%	0.300	0.3%	0.450
Real Madrid C.F.	Global brand FC	53.4	0.2%	0.107	0.5%	0.267
A.C. Milan	Global brand FC	46.6	0.2%	0.093	0.5%	0.233
A.S. Roma	Global brand FC	12.9	0.2%	0.026	0.5%	0.065
Napoli	Celebrity	8.0	0.2%	0.016	0.8%	0.060
Glasgow Rangers	Global brand FC	2.0	0.2%	0.004	0.5%	0.010
Parma Calcio 1913	Italian Prem. League FC	0.8	0.2%	0.002	1.0%	0.008
Udinese Calcio	Italian Prem. League FC	0.6	0.2%	0.001	1.0%	0.006
eSerie A TIM	SerieA eSports champion:	47.0	0.2%	0.094	0.5%	0.235
8x Mille card	8x mille contributors	39.0	0.2%	0.078	1.5%	0.585
Total (m)		360.3		0.721		1.9
Average		36.0	0.2%	0.072	0.53%	0.192

Assumptions for the Teams & Celebrities roll-out program. based upon management guidance.

Sum of expected people (subs) reached on current REPX contracts only.

FC = Football Club

*CR = conversion rate. Our estimated (est.) conversion rate average is a weighted average

Sources: ACF Research Estimates; Company reports.

Exhibit 11: REPX ranks no.9 by fintech sponsorships



Sources: SponsorUnited.

Risks to our Assumptions

Execution risk – The company's success is dependent on the timely roll-out of its prepaid cards and associated revenue generation. Any delays in the roll-out program could materially impact the revenue growth.

Low subscriber ratio – REPX is highly dependent on the successful conversion of followers to subscribers. REPX assumes that it will be able to convert a certain percentage of followers to subscribers. A lower than anticipated subscriber conversion ratio and an inability to attract followers could adversely impact the viability of the business model

Transaction revenues – REPX's revenues and business strategy is underpinned by card usage (transaction revenues), leading to subs renewals. Low card usage is therefore a valuation and REPX business model risk.

Funding availability – REPX has an aggressive roll-out program which requires availability of capital. If the company is unable to raise capital, it will adversely impact the timelines for its projects. In addition, raising equity at too low a price will lead to dilution, while debt funding will increase interest costs and so erode free cash flow margins, which in turn underpins our DCF valuation approach.

Regulatory risk – The card issuing industry is highly regulated and compliance with the regulations is costly. The regulatory environment in which REPX operates changes frequently and regulations have increased markedly in recent years. There is a risk that this trend will continue for the foreseeable future. Failure to comply with or keep up with IT implementations related to regulations could have a materially adverse impact on the business.

Personnel - Small and mid-sized companies are more dependent on their C-suite/executive management teams than large and mega-cap global companies. The loss of key personnel can have a disproportionate impact on valuation and investor perception compared to similar events at larger more mature (often ex-growth) companies.

Russia-Ukraine war – Market volatility has increased significantly and there is additional risk for the financial because Russia has been excluded from SWIFT system. Russia may continue to retaliate via cyberattacks et al and other currently unforeseen mechanisms and actions long after any physical conflict ceases in Ukraine. REPX's 50.1% owned subsidiary BSS One, responsible for the company's app development, is based in Romania, which shares a boarder with Ukraine and Russian influenced state Moldova. Elements of the Ukraine conflict could significantly impact Romania.

Financial Projections

P&L € (m)	2019A	2020A	2021E	2022E	2023E
Revs	0.00	1.29	1.09	14.05	39.11
gr%	NM	NM	-0.15	11.86	1.78
Total Expenses	-0.45	-2.73	-2.40	-10.66	-26.14
EBITDA	-0.45	-1.45	-1.30	3.39	12.97
% Revs	NM	-113%	-119%	24%	33%
FV adj.	0.00	0.00	0.00	0.00	0.00
% Revs	NM	0%	0%	0%	0%
EBIT	-0.45	-1.47	-1.31	3.38	12.96
EBT	-0.45	-1.51	-1.33	3.36	12.94
% Revs	NM	-117%	-122%	24%	33%
ETR	0%	0%	0%	23%	23%
NI	-0.45	-1.51	-1.33	2.58	9.93
% Revs	NM	-117%	-122%	18%	25%
Adj EPS (€)	-0.14	-0.48	-0.43	0.68	2.63
Basic EPS (€)	-0.14	-0.48	-0.43	0.79	3.04
Diluted EPS (€)	-0.14	-0.48	-0.43	0.68	2.63
Balance Sheet € (m)	2019A	2020E	2021E	2022E	2023E
PP&E	0.04	0.14	0.63	2.12	2.61
Total Fixed Assets	0.13	0.53	2.46	3.95	4.44
Current assets	0.34	1.45	1.92	2.30	4.42
Cash	0.24	-0.04	0.05	-0.78	7.17
Total Current Assets	0.58	1.40	1.97	1.52	11.58
Total Assets	0.71	1.93	4.43	5.47	16.02
Creditors	0.01	1.25	0.50	1.12	2.35
Other liabilities	0.00	0.42	0.50	0.50	1.00
Loans	0.00	0.01	2.20	2.23	2.23
Total Liabilities	0.01	1.68	3.90	3.86	5.58
Net Assets	0.70	0.25	0.53	1.61	10.44
Share Capital	0.08	0.57	3.43	3.43	3.43
Accum. Profit/(loss)	-0.16	-1.78	-3.11	-0.53	9.40
Total Equity	0.70	0.25	0.53	1.61	10.44
Total Equity & Liabilities	0.71	1.93	4.43	5.47	16.02
Basic NAV (€)	0.23	0.08	0.17	0.49	3.19
Diluted NAV (€)	0.23	0.08	0.17	0.43	2.77
Cash Flow € (m)	2019A	2020E	2021E	2022E	2023E
EBT Profit/(loss)	-0.45	-1.51	-1.33	3.36	12.94
Finance costs	0.00	-0.01	0.00	0.00	0.00
FV adj. + Other adj.	0.00	0.00	0.00	0.00	0.00
Cash Taxes	0.00	0.00	0.00	-0.78	-3.01
WCap change	-0.01	0.64	-0.13	-0.85	-0.40
Net CFO	-0.42	-1.15	-1.80	1.74	9.55

Our forecasts are based on a normalised proforma approach for 2019 and 2020 and consolidated for the BSS One acquisition for 2020 and forecast periods.

Our forecasts assume a very conservative subscriber conversion ratio.

We reach our forecast numbers here by assuming that REPX can successfully launch products as per its estimated timelines.

Glossary

EAT	Earnings after tax is a substitutable term for profit after tax (PAT), net income (NI) or bottom-line profit.
EBIT	Earnings before interest and tax (also often referred to or equates to operating profit).
EBITDA	Earnings before interest, depreciation and amortisation – the presentation of EBITDA by companies is not a requirement of UK GAAP or IFRS accounting standards. However, in certain cases it can act as a close proxy to free cash flow.
EBT	Earnings before tax. Also often expressed as PBT – profit before tax.
FC	Football Club is used in this research note as a general abbreviation for football team, and other global abbreviations signalling the same type of organisation.
FCF	Free Cash Flow generated in ACF's models after all obligatory cash costs have been satisfied such as Interest payable (Ip), cash taxes and maintenance capex (as opposed to investment capex). FCF represents the cash remaining for theoretical distribution or investment after all obligatory cash-based costs including net interest payable have been deducted.
JV	Joint Venture – generally a legal structure between two corporate entities w/ participation in the JV equity capital.
Neobank	Neobank refers to digital only banks w/out physical branches.
NoSh	Number of Shares in issue (NoSh).
NPV	Net Present Value (NPV) refers to the current value of future cash flows generated by the company
WACC	Refers to the weighted average cost of capital for the firm.
Shareholders' Equity	Shareholders' equity - total assets less total liabilities - represents the value (or lack of it) available for distribution to shareholders should the entity wind up operations. It differs from the equity value expressed in market capitalisation (MCap). The ratio Debt/Equity commonly uses the Debt/MCap formula as opposed to the Debt/Shareholder equity formula.

Notes [Intentionally Blank]

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

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com