

THE REPUTATION EXCHANGE PLC
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020

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THE REPUTATION EXCHANGE PLC

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	Note	Unaudited 9 months ended 30 June 2020 £	Unaudited 9 months ended 30 June 2019 £
Continuing operations			
Other operating income	7	12,221	-
Administrative expenses		(635,812)	(953)
Operating loss		(623,591)	(953)
Interest		(225)	-
Loss before taxation		(623,816)	(953)
Taxation	8	-	-
Loss after tax		(623,816)	(953)
Total comprehensive loss attributable to equity holders of the Company for the period		(623,816)	(953)

There is no other comprehensive income for the period.

The accompanying notes form part of these financial statements.

THE REPUTATION EXCHANGE PLC
REGISTERED NUMBER: 09977505

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Unaudited As at 30 June 2020 £	Audited As at 30 September 2019 £
Non-current assets			
Intangible assets	10	371,883	78,080
Investments	11	123,444	40,004
Loan receivable	12	230,181	199,521
		725,508	317,605
Current assets			
Trade and other receivables	13	205,779	104,258
Cash at bank and in hand	14	77,747	212,048
		283,526	316,306
Current liabilities	15	(277,780)	(5,004)
Net current assets		5,746	311,302
Total assets less current liabilities		731,254	628,907
Net assets		731,254	628,907
Capital and reserves			
Called up share capital	16	72,908	70,571
Share premium account		1,428,907	705,081
Profit and loss account		(770,561)	(146,745)
Total equity		731,254	628,907

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Director



The accompanying notes form part of these financial statements.

THE REPUTATION EXCHANGE PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

	Unaudited 9 months ended 30 June 2020 £	<i>Unaudited 9 months ended 30 June 2019 £</i>
Cash flows from operating activities		
Loss before taxation	(623,816)	(953)
Adjustments for:		
Decrease / (increase) in trade and other receivables	27,809	(99)
Decrease in amounts owed by parent undertaking	58,670	-
Increase in trade and other creditors	272,780	-
Foreign exchange differences	-	953
Net cash used in operating activities	(264,557)	(99)
Cash flows from investing activities		
Development of intangible fixed assets	(293,803)	-
Loan advanced	(30,660)	-
Net cash used in investing activities	(324,463)	-
Cash flows from financing activities		
Issue of ordinary shares	610,780	99
Share issue costs	(156,057)	-
Net cash from financing activities	454,723	99
Net increase in cash and cash equivalents	(134,297)	-
Cash and cash equivalents at beginning of the period	212,044	-
Cash and cash equivalents at the end of period	77,747	-

The accompanying notes form part of these financial statements.



THE REPUTATION EXCHANGE PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**

	Share capital £	Share premium £	Accumulated losses £	Total equity £
As at 1 October 2018	1	-	-	1
Total comprehensive loss for the period	-	-	(953)	(953)
Issue of shares in the period	99	-	-	99
Balance at 30 June 2019	100	-	(953)	(853)
Balance at 1 October 2019	70,571	705,081	(146,745)	628,907
Total comprehensive loss for the period	-	-	(623,816)	(623,816)
Issue of shares in the period	2,337	879,883	-	882,220
Share issue costs	-	(156,057)	-	(156,057)
Balance at 30 June 2020	72,908	1,428,907	(770,561)	731,254

The accompanying notes form an integral part of these financial statements.

THE REPUTATION EXCHANGE PLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

1. General information

The Company was incorporated in England on 29 January 2016 under the name Aroca Import & Export Ltd with registered number 09977505 as a private company limited by shares under the Companies Act 2006.

By resolution dated 29 March 2019, the Company changed its name to The Reputation Exchange Ltd. On 15 November 2019, the Company re-registered as a public company limited by shares.

The Company is registered in England & Wales with its registered office situated at Suite 2A1, Northside House, Mount Pleasant, Cockfosters, Barnet EN4 9EB.

2. Principal activities

The Reputation Exchange plc ("REPX") designs and develops a variety of innovative fintech, social media and retail products that enable entertainment celebrities, sports personalities, iconic cities and others to monetise their reputations and brands. By partnering with concentrated nodes of marketing influence, including social media stars, well-known cities and brands, REPX aims to utilise an established social media base for low upfront marketing costs. In this way, REPX endeavours to deliver fast, scalable growth under a high gross margin model.

REPX's products are both in the development stage. In particular, the BEFRIEND app is in the testing phase, where it is being tested for errors and instability to mitigate the possibility of instability, crashes or data loss. The Directors aim to release a full operating app in 2021.

3. Basis of preparation of interim financial statements

The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the European Union. The Company's Interim Financial Statements have been prepared under the historical cost convention except for certain financial and equity instruments that have been measured at fair value.

A number of new standards and amendments have become effective for periods beginning on or after 1 January 2019. The Directors anticipate that the adoption of such IFRSs in future periods, if applicable, will not have a material impact on the financial statements of the Company in the period of initial adoption.

These condensed financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the audited financial statements for the period ended 30 September 2019.

The condensed interim financial statements are unaudited and have not been reviewed by the auditors and were approved by the Board of Directors on [...]. In the opinion of the Directors, the Interim Financial Statements presents fairly the financial position, and results from operations and cash flows for the period.

The financial information is presented in Pounds Sterling (£), which is the Company's presentational currency. The Company's functional currency is EUR.

4. Accounting policies

The principal accounting policies applied in preparation of the Company's Interim Financial Statements are the same as those used in the preparation of the audited Financial Statements for the period ended 30 September 2019 and have been consistently applied unless otherwise stated.

5. Going concern



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

The Company incurred losses of £623,816 during the period. The losses were in line with the Company's expectations. As at 30 June 2020, the Company had net current assets of £5,746 (30 September 2019 - £311,302).

The interim financial statements have been prepared on a going concern basis. The directors have reviewed the Company's going concern position by taking into account its current business activities, budgeted performance and the factors likely to affect its future development.

The Company's forecast and projections show that it should be able to operate within the level of its current arrangements and level of financing. On this basis, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence in the near future, being at least 12 months from the date of the approval of these financial statements.

6. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, significantly impacting the company's earnings and financial position.

Sources of estimation uncertainty

As disclosed in Note 10, amortisation has not been charged on development costs or patents incurred to date as the development projects have not commenced and are not yet being used in the business of the company. Accordingly, no amortisation has been charged.

7. Other operating income

	Unaudited 9 months ended 30 June 2020 £	<i>Unaudited 9 months ended 30 June 2019 £</i>
R&D tax claims	<u>12,221</u>	<u>-</u>

8. Taxation

The Company has made no provision for taxation as the Company has not yet generated any taxable income. A deferred tax asset in respect of the Company's losses and temporary differences has not been established as the Directors have assessed the likelihood of future profits being available to offset such deferred tax assets to be uncertain

9. Directors remuneration

The directors received £30,697 in remuneration during the period ended 30 June 2020 (period ended 30 September 2019 £nil).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020

10. Intangible assets

	Patents £	Development expenditure £	Total £
Cost			
As at 1 October 2019	4,434	73,646	78,080
Additions	31,806	261,997	293,803
At 30 June 2020	<u>36,240</u>	<u>335,643</u>	<u>371,883</u>
Net book value			
At 30 June 2020	<u>30,207</u>	<u>335,643</u>	<u>365,850</u>
At 30 September 2019	<u>4,434</u>	<u>73,646</u>	<u>78,080</u>

11. Investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
As at 1 October 2019	100	39,904	40,004
Additions	-	83,440	83,440
As at 30 June 2020	<u>100</u>	<u>123,344</u>	<u>123,444</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Passion Securities Limited	3rd Floor, 120 Baker Street, London W1U 6TU	Ordinary	100 %

The aggregate of the share capital and reserves as at 30 June 2020 and the profit or loss for the period ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves 100	Profit/(Loss) -

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Passion Securities Limited

Unlisted investments

The Company's unlisted investments comprise:

- a) A 35% shareholding in Next W Holding Limited at cost of £39,904. Next W Holding Ltd owns an operating subsidiary, Next Wallet Ltd. Next W Holding Ltd and Next Wallet Ltd (together, "Next Wallet") were incorporated in Malta on 4 June 2015 with registration numbers C 70939 and C 70941, respectively. Next Wallet offers prepaid, Mastercard-enabled bank cards. As disclosed in Note 19, the Company acquired the remaining 65% of the issued share capital in Next W Holding Ltd in July 2020. The Directors consider that the Company does not have significant influence over the financial and operating policy decisions of the investee and accordingly, the Company has not equity accounted the results of W Holding Ltd.
- b) A 3.33% shareholding in Vanquish Global Investments S.L.U. ("Vanquish"), a limited company created under the laws of Spain, with registered company number B87530762, at cost of \$83,340. The Company acquired its interest on 14 October 2019 by way of the issue of 8,344 Ordinary Shares at a consideration of £10 per share. On 17 December 2019, REPX engaged Vanquish Global Investments sl to generate business leads for REPX and to assist with REPX with marketing under ordinary commercial terms. REPX's Chief Marketing Officer, Luca Casassa, is the Managing Partner of and a shareholder in Vanquish.

12. Loan receivable

	Unaudited	<i>Audited</i>
	30 June	<i>30 September</i>
	2020	<i>2019</i>
	£	<i>£</i>
Loan receivable	230,181	<i>199,521</i>
	<hr/>	<hr/>
	<u>230,181</u>	<i><u>199,521</u></i>

The loan comprises an advance made to Digital Development SRL, a company incorporated in Moldova, and is unsecured, non-interest bearing with an indefinite maturity date. Digital Development SRL provides software development and IT services.

13. Trade and other receivables

	Unaudited	<i>Audited</i>
	30 June	<i>30 September</i>
	2020	<i>2019</i>
	£	<i>£</i>
Amounts owed by parent undertaking	-	<i>58,670</i>
VAT recoverable	17,767	<i>1,250</i>
Prepayments and other debtors	188,012	<i>44,338</i>
	<hr/>	<hr/>
	<u>205,779</u>	<i><u>104,258</u></i>

Prepayments and other debtors at 30 June 2020 include £188,000 (30 September 2019: £nil) in respect of



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shares issued for future services to be rendered

14. Cash and cash equivalents

	Unaudited 30 June 2020 £	Audited 30 September 2019 £
Cash at bank and in hand	77,747	212,048
Less: bank overdrafts	-	(4)
	<u>77,742</u>	<u>212,044</u>

15. Current liabilities

	Unaudited 30 June 2020 £	Audited 30 September 2019 £
Trade and other payables	272,780	-
Bank overdrafts	-	4
Accruals and deferred income	5,000	5,000
	<u>277,780</u>	<u>5,004</u>

16. Share capital

	Unaudited 30 June 2020 £	Audited 30 September 2019 £
Allotted, called up and fully paid		
3,121,692 (30 September 2019: 3,016,000) Ordinary shares of €0.0261 each	72,908	70,571
	<u>72,908</u>	<u>70,571</u>

The changes to the issued share capital of the Company during the period ended 30 June 2020 were as follows:

- The Company issued 76,348 Ordinary Shares of €0.0261 for a total cash consideration of £610,780 before expenses (£454,723 net).
- The Company issued a total of 29,344 Ordinary Shares for a non-cash consideration of £271,440. In particular, the issue of 8,344 shares at £10 per share in exchange for a 3.33% shareholding in Vanquish (see Note 11 above) and 21,000 shares for a total of £188,000 in future services to be rendered.

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The Company does not have an authorised share capital.

17. Segment analysis

Operating segments

The Board of Directors consider that the Company has one operating segment, being that of the development of innovative fintech, social media and retail products. Accordingly, all operating results, assets and liabilities are allocated to this activity.

Geographical segments

The Company has operated in one principal geographical areas – Italy.

18. Related party transactions

- a) During the period under review the Company's parent, Right of Reply PLC, repaid advances made by the Company totalling €66,105 (£58,617).
- b) On 17 December 2019, REPX engaged Vanquish Global Investments sl to generate business leads for REPX and to assist with REPX with marketing under ordinary commercial terms. REPX's Chief Marketing Officer, Luca Casassa, is the Managing Partner of and a shareholder in Vanquish.

19. Material subsequent events

Acquisition of subsidiary

On 1 July 2020, REPX purchased 65% of the share capital of Next W Holdings, increasing its interest from 35% to 100% for a cash consideration of EUR 65,000.

20. Ultimate controlling party

The directors regard Right of Reply PLC as being its immediate and ultimate parent undertaking.

The directors regard Alfredo Villa as being the ultimate controlling party.

21. Nature of financial information

The Company's interim financial statements presented above do not constitute statutory financial statements for the period under review.