

# Update

## VALUE RANGE

EUR 15.95 – 16.77



### Tuesday, 17 August 2021

Intrinsic Price €	16.36
Value Range Low €	15.95
Value Range High €	16.77
Implied MCAP €(m)	51.28
Implied EV €(m)	51.15
CSE	REPX
Financial YE	31-Dec
Currency	EUR

#### Business Activity

Fintech

#### Key Metrics

Close Price €	11.25
MCAP €(m)	35.3
Net Debt (Cash) €(m)	-€0.1
EV €(m)	35.1
52 Wk Hi €	NM
52 Wk Lo €	NM

#### Key Ratios

Net Debt /	-0.25%
Shareholder Equity %	

#### Fintech Sector Research

#### Egaming Sector Research

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## The Reputation Exchange Plc

### Fintech / Neobank Affiliate Marketing

The Reputation Exchange (REPX) is a fintech/esports company with a unique social engagement 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 is in the final steps of its LSE standard list introduction; has listed on Cyprus; has completed its EMIL application; has agreements offering its product in SEPA, North Am and LatAm; and a Deloitte mandate to find a strategic partner. We expect high revenue growth - low marketing costs vs. peers, opex and capex suggests early FCF +ve. Our subs wins assumptions for our valuation are highly conservative.

- Acquisition completed BSS-One 50.1% (revs 21E €1.64m);
- Cards delivered/ in production 140k (Revs 21E >€4m);
- Points of Sale (PoS) increased to ~100k up from 49k;
- Roma FC App operational and in use with first 10K cards printed;
- Strengthened board including leading new Executive Chairman.

ACF est. € (m)	Revenue	EBITDA	FCF	EPS (€)	EPS (dil) (€)	CPS (€)
2022E	19.63	6.58	3.65	1.53	1.53	1.16
2023E	25.24	11.24	7.51	2.66	2.66	2.40

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	EV/ EPS	EV/ EPS (dil)	P/ CPS
2022E	2.6x	7.8x	14.0x	33.5x	33.5x	43.9x
2023E	2.0x	4.6x	6.8x	19.2x	19.2x	21.4x

## Investment Case

Share Price History	No. of Shares	
	in issue	Fully diluted
NoSh (m)	3.1	3.1
Implied Intrinsic Price	€16.36	€16.36
Value Range Low	€15.95	€15.95
Value Range High	€16.77	€16.77
CSE	REPX	
Financial YE	31-Dec	
Reporting Currency	EUR	

NoSh (m)	3.1
NoSh (m) expected dilution (Exp D)	3.1
NoSh (m) full dilution	3.1

Key Metrics	€	adj.
MCAP (m)	51.3	51.3
Net Debt (Cash) (m)	(0.1)	(0.1)
EV (m)	51.1	51.1
52 Wk Hi	NM	NM
52 Wk Lo	NM	NM
Free Float	NM	NM

*Key Metrics FCF adj.	2022E	2023E
CPS (C\$)	1.16	2.40
CPS (Exp D) (C\$)	1.16	2.40
CPS (FD) (C\$)	1.16	2.40
P/CPS	43.9x	21.4x
P/CPS (Exp D)	43.9x	21.4x
P/CPS (FD)	43.9x	21.4x

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

- Our DCF valuation approach leads to an **REPX value of ~EUR 50m.**
- Our weighted estimate valuation leads to an **REPX value of ~EUR 108m.**
- Our peer group EV/FCF trading multiples implies an **REPX value of EUR ~160m**
- Our EV / sub peer valuation approach leads to an **REPX value of ~EUR 275m**

**A Fintech and esports company with a unique ‘social selling’ model** – REPX is a fintech and esports company leveraging social media and affiliate marketing to monetize the massive fan base of, sports teams, egaming, celebrities and entertainers.

REPX social selling (via affiliate marketing) fan offering delivers 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.

**REPX ranks 9<sup>th</sup> amongst fintech brands for brand sponsorship** (see exhibit 11 below).

REPX has made a **strategic decision to enter the esports market** via a partnership strategy to launch a payment/prize collection app aimed at unbanked / junior gamers.

We view REPX’s distribution power as a material competitive advantage vs. other early stage fintech and esports market start-ups, REPX has lower SACs leading to earlier positive FCF.

### In 2021 since our last note REPX has delivered:

- **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 €1.6m.
- **Extended** distribution network to **99k PoS** in Italy.
- **Produced** - 125k cards in production (further 200k cards ordered).
- **Delivered Roma** (football club) app live, test cards in use with Roma staff.
- **Revs 21E** - cards €5.1m + 1.6m from BSS One software house **total €6.7m.**

**PoS signed agreements:** Mooney-Sisal 49k and Epipoli 50k, **total 99k.**

**Cards delivered, in production/ordered 2021E** for football clubs total **495k** REPX has delivered 20k cards to Roma FC and 5k to Parma FC. A further 120k cards are in production split between Milan, Real Madrid, Wolverhampton and Roma. A further 240k gift cards (8xMille and Milan) have been ordered. We expect REPX card deliveries, production and orders to reach 550k YE21E.

In our previous note we confirmed that REPX had recently listed on Cyprus Stock Exchange (“CSE”) and had filed its EMIL licence with the FCA.

**More expected product launches** – REPX has multiple products for 21E and 22E

**For 21E:** The Payfan Card, Project Gift Card, 8xMille card, Befriend App and Roma App (Roma app now tested operationally and is live). Note that the **8xMille** is charitable donation card – a self-funding, partnership driven, REPX branding strategy.

**For 22E:** The Fashion Card, Two Chip Card and the Black Box Card.

• **Market opportunity - Top brands reach ~480m followers** - REPX onboarded **10 partners** including two of the biggest global sports clubs.

This equates to a **social media dedicated follower fan base of 481.1m**. Using an extremely conservative conversion rate of 0.10-0.13%, REPX net subs could reach **~435k** from this initial audience by 23E in our forecast horizon.

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

Allied Market Research, expects the global neo / challenger bank market to reach **\$471bn by 2027**, representing a **CAGR of 48.1%** during 2019A-2027E

## Catalysts

LSE standard list introduction; REPX is raising additional equity capital to fund hard launch (raised €1.2 m since our last note for operations). Fulfilment of EUR 3.5m Vienna listed bond. Launch of more new products; More partnerships with world-renowned sports teams and celebrities. Shareholders may choose to sell a majority stake to a strategic partner (Deloitte is mandated to help REPX examine strategic partner options).

## Contracts – Operational Progress Overview

### Exhibit 1: Total fan base from signed partnerships

Fan base (m)	Type	Followers	% of active followers	Active Followers
Juventus F.C.	FC	113.00	50%	56.50
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
Parma Calcio 1913	FC	0.77	50%	0.38
Udinese Calcio	FC	0.61	50%	0.30
<b>eSerie A TIM</b>	<b>esports</b>	<b>47.00</b>	<b>50%</b>	<b>23.50</b>
8x Mille card	Charity	39.00	50%	19.50
Javier Mascherano	Celebrity	17.90	50%	8.95
<b>Total Fan Base</b>		<b>481.22</b>	<b>50%</b>	<b>240.61</b>

Sources: ACF Equity Research; Company reports; Management.

### Exhibit 2: Supplier agreement status as of 18 Jun 21

Counterparty	Status	Service/Relationship
BSS ONE	Acquired control	App SoW and development
Hashcash Consultants	Signed Engagement Proposal	Technology counterparty
Pannovate (Paneleven Ltd)	Signed T&Cs and Sales Order	Banking app counterparty
Austria Card	Contract	Mobile payment tool sticker
Vanquish Investments	Global Signed Agreement (+unsigned draft)	Marketing & Sales partner
Domce S.p.A	Signed Agreement	Loyalty + engagement programs
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)
SisalPay- Mooney S.p.A	Signed Agreement	PoS Card issuer top-up service
Epipoli S.pA	Signed Agreement	PoS Gift cards and commercial agreement

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

## Board of Directors (selection)

### ➤ Executive Chairman, Ezio Simonelli



Ezio was acting president of the Lega Serie A (governing body that runs the major professional soccer tournament in Italy) in 2017. Ezio's experience is in accounting and auditing, and he is managing partner at Simonelli Associati. Ezio is also on the BoD of Banca Popolare Milano; a Member of Statutory Auditors at Mondadori SpA and Recrodati SpA; and a Chairman of Statutory Auditors at Sisal Group SpA, Vortice SpA and Mediaset Italia.

Ezio is also the author and co-author of several corporate finance books.

### ➤ Non-Executive Director, Ernesto Paolillo



Ernesto is a former CEO of Banc Popolare di Milano; from 2005-2012, CEO of Inter F.C.. Since 2012, Ernesto has been teaching Economics and Management of Sports Enterprises at the Università Cattaneo – LIUC in Castellanza, Italy. Ernesto is the Vice President of Banca Akros, President of Finetwork (Financial Network srl), is on the BoD at Fiera Milan SpA, the SEA (Società Esercizi Aeroportuali), the Association for the Development of

Banking and Stock Exchange Studies, 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 an active member of the UN Global Sustainability Index Institute, presenting in Davos at the WEF, since 2012. He is Executive Chairman of Kaufmann & Partners (K&P), a financial advisory company with offices in Madrid, focused on telco, media and corporate finance. Francesco served as an Executive Director at IFIL (now, Exor) controlling FCA (Fiat-Chrysler Automobiles), Ferrari, Worms, Partner-Re, and Juventus F.C. He was MD of

Telecom Italia, on the Board of TIM and a Director of Wind Telecom, and of Graviton (La Jolla, California), a wireless sensory networks (M2M communication) company, backed by Qualcomm et al. He has a BA in Economics from Bocconi, Milan, and a Ph.D. in Strategy and Organisation from UCLA.

## Board of Directors (selection)

➤ **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 has recently been 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 Banking and Finance professional and a Chartered Member of the UK's CISI. He has extensive experience in capital markets and business. He has participated in numerous IPOs and secondary placements and held various NED roles. As a capital markets professional in broking and advisory, Basil has worked at HSBC Group, LME member Gerald, ADM a Fortune 500 company, Goldenberg Heymeyer & Co., Stockbroker Hartmann Capital and Beaufort Securities, which was an AiM specialist. He is active in financial markets commentary through leading media, including the BBC, Reuters and USA Today. Outside of the markets, Basil volunteers at London's Royal Free Hospital in Hampstead RFH Charity

## Valuation - DCF

### Exhibit 3: REPX WACC, DCF and Value Range

*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.*

ACF est. € (m)	2021E	2022E	2023E	2024E	2025E
Revenue	6.74	19.63	25.24	31.43	45.21
EBITDA	-0.25	6.58	11.24	14.51	21.11
Net income	-0.43	4.79	8.33	10.81	15.83
FCF	0.12	3.65	7.51	9.51	14.70
CPS (dil) (€)	0.04	1.16	2.40	3.03	4.69

*We see fair value of REPX at EUR 16.36 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	0.3
Target Leverage	0.0%
D / (D+E)	0.0%
ACF $\beta$ adj levered	1.80
rf	2.00%
ERP	5.7%
Cost of equity	12.2%
Risk adj.	3.0%
WACC	15.24%

We have reduced our WACC by 4% based on project execution progress since our last note. We arrive at a discount rate of 15.24% for REPX as shown in the calculation here. We use an additional risk adjustment factor of ~3% 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)	51.1
Net Debt/(Cash) (k)	-0.1
Fair Value (€m)	51.3
NoSh (m)	3.1
NoSh (diluted) (m)	3.1
Intrinsic Value Per Share (€)	16.36
Close Price (€)	11.25
<b>VR (low - high)</b>	<b>15.95 16.77</b>
VR Spread	5.00%
Implied VR (low - high)	41.8% 49.1%

**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 range €50.1m, at 5% standard deviation.

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.

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 €108m

In exhibit 9 below, in the revenue drivers' section, we have assumed, arguably, a rather modest subscriber conversion rate of 0.1% to 0.13% out to 2025E, transaction volumes (card usage) of EUR 35 p.a. per sub (customer/cardholder), and an aggressive churn rate of 40% amongst other conservative factors.

### Our DCF valuation approach leads to an REPX value of ~EUR 50m.

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 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	-0.25	6.58	11.24	14.51	21.11	
Working Capital	0.74	-0.48	-0.21	-0.24	-0.12	
Capex	-0.50	-1.00	-1.00	-1.50	-1.50	
Taxes	0.13	-1.45	-2.52	-3.27	-4.79	
<b>Cash flow after-tax</b>	<b>0.12</b>	<b>3.65</b>	<b>7.51</b>	<b>9.51</b>	<b>14.70</b>	<b>62.55</b>
NPV €(m)	0.10	2.75	4.91	5.39	7.23	30.77
<b>Total NPV</b>	<b>51.15</b>					
Cash	0.13					
Debt	0.00					
<b>Implied equity</b>	<b>51.28</b>					

Sources: ACF Research Estimates; Company reports.

Exhibit 5: Valuation sensitivity to Terminal Growth and WACC

WACC (%)	Equity value				
	Terminal Growth (%)				
	2.5%	3.0%	3.5%	4.0%	4.5%
11%	72.32	75.53	79.16	83.30	88.04
13%	58.28	60.25	62.41	64.80	67.47
15%	48.59	49.88	51.28	52.80	54.47
17%	41.48	42.38	43.34	44.37	45.48
19%	36.05	36.69	37.38	38.11	38.89
21%	31.75	32.23	32.73	33.27	33.84

Source: ACF Research Estimates.



## Peer Group Comparators

In our the 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 not included in the constituents of our average or median values in the peer group metrics at the bottom of Exhibit 6:. 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 justify valuations in the range of EUR 400-600 per customer (subscriber). Revolut's valuation of EUR 4.6bn with around 12m customers, equates to a valuation of approximately EUR 388 per subscriber. Similarly, N26 is valued at EUR 593 per subscriber and Monzo is valued at EUR 417 per subscriber.

REPX is at an early stage of its business cycle so we attribute a discount of 65% to the peer average to arrive at an REPX per user value of ~EUR 163.7 per forecasted subscriber. This implies an equity value of ~EUR 40m for REPX.

## 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 July 2020, it has ~12m active subscribers.

**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 July 2020, the company has nearly 5m active subscribers.

**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 July 2020, it has 4m active subscribers.

**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 June 2020, it has 25m active subscribers and has been valued at over US\$ 10 bn.

**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 8m subscribers as of January 2020.

## 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 €108m*

*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 108m.** 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 27x. **Our peer group EV/FCF trading multiples implies an REPX value of EUR ~160m** with our REPX 22E forecasts.

These approaches show our DCF and FCF growth assumption of 3.5% to be **a) modest** and, **b) captures execution risk fairly** and, **c) provides plenty of scope for investor upside** once REPX is listed on 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
<b>2022 Estimates</b>	<b>19.6</b>	<b>6.6</b>	<b>3.6</b>	<b>5.0</b>
Multiple (x)	6.0	23.9	24.8	27.0
<b>EV</b>	<b>117.1</b>	<b>157.6</b>	<b>90.5</b>	<b>133.7</b>
Debt	0.0	0.0	0.0	0.0
Cash	0.1	0.1	0.1	0.1
Implied Equity	117.3	157.7	90.6	133.8
<b>Implied Equity Discounted @WACC</b>	<b>101.7</b>	<b>136.8</b>	<b>78.6</b>	<b>116.1</b>
Weight	25.0%	25.0%	25.0%	25.0%
<b>Fair Value Estimate of Implied Equity</b>	<b>108.3</b>			

Sources: ACF Research Estimates; Companies reports; Bloomberg.

### Exhibit 7: Trailing REPX peer group metrics

Trailing TTM Metrics / Company Name	Market	Tkr	EV \$(m)	Revs \$(m)	EBITDA \$(m)	EV / REVS	EV / EBITDA	EV / FCF
<b>REPX 2022E</b>	<b>CSE</b>	<b>REPX</b>	<b>60</b>	<b>23</b>	<b>8</b>	<b>4.3x</b>	<b>2.6x</b>	<b>7.8x</b>
Fiserv	Nasdaq	FISV	97,230	15,420	5,430	6.3x	17.9x	26.2x
Global Payments	NYSE	GPN	60,930	7,980	3,180	7.6x	19.2x	24.2x
Discover Financial	NYSE	DFS	42,190	10,860	N/A	3.9x	N/A	N/A
Edenred	Euronext	EDEN	16,648	1,752	646	9.5x	25.8x	43.2x
WEX	NYSE	WEX	10,800	1,942	399	5.6x	27.1x	N/M
Evertec	Nasdaq	EVTC	3,430	528	204	6.5x	16.8x	32.6x
Bottomline	NYSE	EPAY	1,860	460	41	4.0x	45.5x	24.8x
EVO Payments	NYSE	EVOP	2,590	434	117	6.0x	22.1x	18.3x
i3 Verticals	Nasdaq	IIIV	957	161	17	5.9x	57.9x	19.7x
<b>Average</b>						<b>6.1x</b>	<b>29.0x</b>	<b>27.0x</b>
<b>Median</b>						<b>6.0x</b>	<b>23.9x</b>	<b>24.8x</b>

Sources: ACF Research Estimates; Company reports.

## Valuation – per customer comparison

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 EV per sub valuation approach leads to an REPX value of ~EUR 275m

Using the median and averages values of the peer group multiple of REXP cust value in exhibit 8 we multiply REPX’s EV/ per sub to reach REPX EV values of EUR 275m – 900m.

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	51	0.437	117	1.0x
Oaknorth	Private	NA	1,781	0.175	10,175	86.6x
Atom bank	Private	NA	458	0.130	3,522	30.0x
Revolut	Private	NA	27,981	16	1,749	14.9x
Chime	Private	NA	12,295	10	1,229	10.5x
Sofi	Private	NA	7,334	8	978	8.3x
N26	Private	NA	2,374	5	475	4.0x
Nubank	Private	NA	8,479	30	283	2.4x
Monzo	Private	NA	1,017	4	254	2.2x
Neon	Private	NA	848	9	90	0.8x
Edenred	Euronext	EDEN	14,115	2	7,058	60.1x
Discover Financial	NYSE	DFS	35,773	57	628	5.3x
WEX	NYSE	WEX	9,157	46	201	1.7x
Global Payments	NYSE	GPN	51,663	600	86	0.7x
<b>Average</b>					<b>2,084</b>	<b>17.5x</b>
<b>Median</b>					<b>978</b>	<b>5.3x</b>

Sources: ACF Research Estimates.

REXP 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 2022E subscriber forecasts, themselves based upon extremely modest assumptions).

## 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 0.1% to 0.13% of the fan base as subs, which is >25% below our low case subs proportions (win rate) in exhibit 10 below.

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

Teams & Celebrities	2021E	2022E	2023E	2024E	
Fan base	240,607,646				
Subs proportion		0.00%	0.10%	0.12%	0.13%
New cards sold	10,000	240,608	288,729	312,790	
Subs carried forward	0	10,000	246,608	436,694	
Subs churn	40%	0	4,000	98,643	174,678
<b>Net subs</b>		<b>10,000</b>	<b>246,608</b>	<b>436,694</b>	<b>574,806</b>
Cost, PayFan Card	40				
<b>a) Revs from Payfan initial Card Purchase €(m)</b>	<b>0.40</b>	<b>9.62</b>	<b>11.55</b>	<b>12.51</b>	
Cost, '8x1000' Gift Card	150				
<b>b) Revs 8x1000 Gift Card purchase €(m)</b>	<b>4.50</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Annual card subs</b>		<b>0</b>	<b>6,000</b>	<b>147,965</b>	<b>262,016</b>
Rate of use	50%				
Renewal fee, Visa	35				
<b>c) Revs p.a. Payfan Card renewal €(m)</b>	<b>0.00</b>	<b>0.10</b>	<b>2.59</b>	<b>4.59</b>	
Fan base	240,607,646				
Net subs	10,000	246,608	436,694	574,806	
Rate of use	50%				
Rev transactions p.a.	40				
	<b>0.20</b>	<b>4.93</b>	<b>8.73</b>	<b>11.50</b>	
<b>Total Revs - Teams &amp; Celebrities €(m)</b>	<b>5.10</b>	<b>17.66</b>	<b>22.87</b>	<b>28.59</b>	

Sources: ACF Research Estimates; Company reports.

**Exhibit 10: REPX signed fan base portfolio**

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

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)
Juventus F.C.	Global brand FC	113.0	0.2%	0.226	0.5%	0.565
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
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
Javier Mascherano	Celebrity	17.9	0.2%	0.036	0.8%	0.134
<b>Total (m)</b>		<b>481.2</b>		<b>0.962</b>		<b>2.5</b>
Average		48.1	0.2%	0.096	0.53%	0.255

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**



Source: 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.

## Financial Projections

P&L € (m)	2019A	2020A	2021E	2022E	2023E
<b>Revs</b>	<b>0.00</b>	<b>1.29</b>	<b>6.74</b>	<b>19.63</b>	<b>25.24</b>
gr%	NM	NM	4.22	1.91	0.29
Total Expenses	-0.45	-2.67	-6.99	-13.05	-14.00
<b>EBITDA</b>	<b>-0.45</b>	<b>-1.38</b>	<b>-0.25</b>	<b>6.58</b>	<b>11.24</b>
% Revs	NM	-107%	-4%	34%	45%
FV adj.	0.00	0.00	0.00	0.00	0.00
% Revs	NM	0%	0%	0%	0%
<b>EBIT</b>	<b>-0.45</b>	<b>-1.51</b>	<b>-0.57</b>	<b>6.23</b>	<b>10.85</b>
EBT	-0.45	-1.51	-0.57	6.23	10.85
% Revs	NM	-117%	-8%	32%	43%
ETR	0%	0%	0%	23%	23%
<b>NI</b>	<b>-0.45</b>	<b>-1.52</b>	<b>-0.43</b>	<b>4.79</b>	<b>8.33</b>
% Revs	NM	-118%	-6%	24%	33%
Adj EPS (€)	-0.14	-0.49	-0.14	1.53	2.66
Basic EPS (€)	-0.14	-0.49	-0.14	1.53	2.66
Diluted EPS (€)	-0.14	-0.49	-0.14	1.53	2.66
<b>Balance Sheet € (m)</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
PP&E	0.04	0.14	0.32	0.98	1.59
<b>Total Fixed Assets</b>	<b>0.13</b>	<b>0.53</b>	<b>1.05</b>	<b>1.70</b>	<b>2.32</b>
Current assets	0.34	1.36	1.56	2.94	3.09
Cash	0.24	0.05	1.83	5.48	12.99
<b>Total Current Assets</b>	<b>0.58</b>	<b>1.40</b>	<b>3.39</b>	<b>8.42</b>	<b>16.08</b>
<b>Total Assets</b>	<b>0.71</b>	<b>1.93</b>	<b>4.44</b>	<b>10.12</b>	<b>18.40</b>
Creditors	0.01	1.25	0.67	1.57	1.51
Other liabilities	0.00	0.42	1.93	1.93	1.93
Loans	0.00	0.01	1.51	1.51	1.51
<b>Total Liabilities</b>	<b>0.01</b>	<b>1.68</b>	<b>4.12</b>	<b>5.02</b>	<b>4.96</b>
<b>Net Assets</b>	<b>0.70</b>	<b>0.25</b>	<b>0.32</b>	<b>5.10</b>	<b>13.44</b>
Share Capital	0.08	0.57	1.07	1.07	1.07
Accum. Profit/(loss)	-0.16	-1.79	-2.23	2.56	10.89
<b>Total Equity</b>	<b>0.70</b>	<b>0.25</b>	<b>0.32</b>	<b>5.10</b>	<b>13.44</b>
<b>Total Equity &amp; Liabilities</b>	<b>0.71</b>	<b>1.93</b>	<b>4.44</b>	<b>10.12</b>	<b>18.40</b>
Basic NAV (€)	0.23	0.08	0.10	1.63	4.29
Diluted NAV (€)	0.23	0.08	0.10	1.63	4.29
<b>Cash Flow € (m)</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
EBT Profit/(loss)	-0.45	-1.51	-0.57	6.23	10.85
Finance costs	0.00	0.00	0.00	0.00	0.00
<b>FV adj. + Other adj.</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Taxes	0.00	-0.01	0.13	-1.45	-2.52
WCap change	-0.01	0.64	0.74	-0.48	-0.21
<b>Net CFO</b>	<b>-0.42</b>	<b>-1.06</b>	<b>0.28</b>	<b>4.65</b>	<b>8.51</b>

Source: ACF Research Estimates; Companies reports.

*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

<b>EAT</b>	Earnings after tax is a substitutable term for profit after tax (PAT), net income (NI) or bottom line profit.
<b>EBIT</b>	Earnings before interest and tax (also often referred to or equates to operating profit).
<b>EBITDA</b>	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.
<b>EBT</b>	Earnings before tax. Also often expressed as PBT – profit before tax.
<b>FC</b>	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.
<b>FCF</b>	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.
<b>JV</b>	Joint Venture – generally a legal structure between two corporate entities w/ participation in the JV equity capital.
<b>Neobank</b>	Neobank refers to digital only banks w/out physical branches.
<b>NoSh</b>	Number of Shares in issue (NoSh).
<b>NPV</b>	Net Present Value (NPV) refers to the current value of future cash flows generated by the company
<b>WACC</b>	Refers to the weighted average cost of capital for the firm.
<b>Shareholders' Equity</b>	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.

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