



## EUR 8bn Funding Agreement with Bank acquisition

**SUPPLY@ME CAPITAL PLC**

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### Supply@ME Capital plc

(The "Company", "SYME" or "Supply@ME")

#### Strategic inventory funding agreement for up to €8bn over five years with acquisition of Bank in Europe

Supply@ME Capital plc, the innovative fintech platform which provides a unique, market leading Inventory Monetisation<sup>®</sup> service to European manufacturing and trading companies, is pleased to announce that it has entered into a strategic agreement ("**Agreement**") with a leading European Alternative Investment Firm (the "**Financial Partner**") and SYME's shareholders, IAF2 S.r.l. and The AvantGarde Group S.p.A. ("**Co-investors**"), to acquire a bank in Europe (the "**Bank**"). The core objective of the transaction is to support and facilitate the rapid growth of the Supply@ME platform, with the full support of the Central Bank within that jurisdiction.

As part of the Agreement, Supply@ME will give the Bank pre-emption rights to invest in each securitisation note issue and other funding programmes, to support the Platform as it grows. In return, the Bank will provide up to €8bn of funding over five years, to support inventory funding across all of SYME's international operations. The Financial Partner has committed to recapitalise the Bank immediately following the completion of the Central Bank's regulatory banking authorisation process.

The Agreement delivers on the following strategic objectives:

- the Bank will remain independent, owned by the Financial Partner and the Co-investors. Supply@ME will not be a Bank shareholder and it has no costs relating to the transaction. Control of key operational roles will be given to The AvantGarde Group who will be responsible for selecting the Bank's CEO, whilst governance supervision will be overseen by the Financial Partner
- the Bank will provide "banking-as-a-service" to Supply@ME in relation to:
  - o subscribing to all funding note issuances in line with the Bank's capital adequacy targets which have already been agreed,
  - o funding across Supply@ME Group's international operating regions, subject to country specific banking licence restrictions, and
  - o co-investing with institutional investors in securitisation notes issued by the Platform, in order to provide additional funds for inventory monetisation, in accordance with the Company's multi-channel funding strategy
- the Bank's indicative cumulative inventory funding targets are estimated at:
  - o €4bn by the end of 2021
  - o €5.5bn end 2022
  - o €7bn end 2023
  - o €8bn end 2024
- the funding costs to Supply@ME will be lower than the current costs borne by the Platform for its "open funding" securitisation
- the Bank will also be the "partner and banker of trust" for SYME, whereby all bank accounts set up for inventory monetisation transactions will be held at the Bank. This will serve to reinforce monitoring processes, digital integration and security
- the Bank can hold up to 2% of SYME share capital, including purchases through the market subject to MAR and other regulatory approvals

The Central Bank regulatory approval processes relating to the acquisition of the Bank are underway with the support of the local banking regulator. However, until such regulatory and contractual processes have been completed, the parties have stipulated that the name of the Bank and Financial Partner cannot be announced. The Financial Partner is a regulated investment manager in Europe which operates in the private equity and private debt markets. It has raised and invested more than €2 billion from institutional and retail investors.

The impact of the Agreement on the current business plan of Supply@ME is transformational. The completion of the acquisition of the Bank will facilitate a major increase in the quantum and speed of the Platform's estimated capital inflows for inventory monetisation, since securitisation notes and other funding structures can now be subscribed by SYME's partner Bank. Specifically:

- an increase of target inventory funding from the initial business plan's €4bn, to at least €8bn at the end of the business plan period in 2024
- exceeding the 2020-2021 (year-end Sept 21) EBITDA target
- more rapid expansion within the Platform's target geographic areas
- enhancement of the servicing fee net margin (the difference between client company fee received by SYME' Stock Company and the operating and finance costs of the securitisation notes) from approximately 2% to 3% of the total value of inventory monetised. This implies a potential profit margin improvement of approximately 50%
- given the more competitive funding rates that will be made available to SYME, an ability to offer lower client company servicing fees, on a risk adjusted basis, to higher investment grade companies
- banking support from SYME's partner Bank for client company due diligence activities to further accelerate the on-boarding processes and scale-up of the business

Following this significant upgrade to funding, through its "banking as a service" strategic partner, SYME will be able to accelerate the funding initiatives previously announced as follows:

- the Bank partnership will fast-forward the funding of inventory monetisation for those client companies which do not form part of the initial StormHarbour €300m portfolio
- it will deliver additional inventory funding in the UK working together with its UK capital markets partner on the first portfolio of UK Client companies
- it will enable improvements to the self-funding agreements being negotiated with two Italian banks, to create more synergies and integrations with SYME's new partner Bank
- the Company can now analyse new financing structures using direct borrowing lines from the Bank to monetise inventory (and consequently increase monetisation to above €8bn), whereby securitisation notes could be structured in tranches (a senior lower risk tranche for institutional investors, and, a junior first-loss higher risk tranche for the Bank)

*Alessandro Zamboni, SYME CEO, commented "This strategic Bank partnership is a significant addition to the Company's existing funding initiatives. Our objective has always been to form partnerships that would enable us to exceed our funding targets, and this agreement achieves that at one stroke. Our business model is highly scalable, subject to access to capital, and to client companies. With this new Bank partnership and the other on-track initiatives, we now have capital and client companies."*

*"We are moving into an economic environment where recapitalisation of companies and other forms of capital injection, such as inventory monetisation, will need to be considered. SYME provides a service that is comparable to an equity recapitalisation with better funding costs and the absence of any equity dilution. Our new Bank partnership will mean that we have two important key barriers to entry protecting us in this untapped inventory monetisation market: a unique capability to analyse and monitor inventory, and a competitive cost of funding through which to monetise it. We're delighted with this big step forward and are enthusiastic to push ahead with the next phase of SYME."*

This Announcement contains Inside Information as defined under the Market Abuse Regulation (EU) No. 596/2014.

#### Notes

Supply@ME enables businesses to generate cashflow, without incurring debt, by monetising their existing stock. Before a business has found an end-customer for its inventory, the Supply@ME platform enables them to sell ("monetise") their stock and receive cash immediately to boost their working capital. The Supply@ME service enables strong companies to improve their working capital cycle. SYME does not monetise inventory for companies in financial difficulty or with inventory that they are struggling to sell.

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