



Captive Bank Funding Strategy Update

SUPPLY@ME CAPITAL PLC

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29 June 2021

Supply@ME Capital plc

(The "Company" or "SYME")

Captive Funding route:

Strategy Update, Term Sheet with Italian Banking Group and structuring the first Italian inventory monetisation

Supply@ME Capital plc, the innovative fintech platform which provides the Inventory Monetisation[©] service to manufacturing and trading companies, is pleased to update the market regarding its Captive Bank funding strategy and progress towards the first inventory monetisation of its Italian portfolio.

The Captive Bank funding strategy outlined in the 2020 Annual Report was designed to deliver the first Italian inventory monetisation transaction through a partnership between the Company and a bank that was to be acquired by a fund managed by Quadriovio Group and The AvantGarde Group SpA.

Following discussions between the parties to secure further progress towards the first inventory monetisation transaction and shareholder value creation, Supply@ME has updated its Captive Funding strategy to include the possibility of a direct investment into a fintech bank owned by an Italian Banking Group (the "Fintech Bank").

The Company has entered into an agreement ("Term Sheet") with the Italian Banking Group and the Fintech Bank which envisages:

1. the signing of a commercial agreement to manage both the origination of new Client companies and a multi-annual inventory funding plan; and
2. the execution of a first inventory monetisation transaction involving a portfolio of Italian Client Companies.

Simultaneously to the successful completion of the arrangements above, Supply@ME will acquire up to 10% of the Fintech Bank, a level which is below the threshold requiring regulatory approval. An additional 10% of the Fintech Bank may be acquired at the option of the Company within the following two years which would require an authorisation process through the Central Bank. In April 2021, the Fintech Bank was valued, by a Big4^[1] firm, at between €34m - €50.6m.

The Term Sheet incorporates a binding commitment between parties with reference to:

- the time-scale, which envisages the completion of the arrangements above in July, unless the parties agree to extend due to internal authorisation processes or technical reasons. The Term Sheet has a contractual longest deadline of 30 September 2021;
- the arranging and financing of an initial inventory monetisation transaction of eligible Client companies to be agreed. It is expected that the Italian Banking Group will involve the Fintech Bank and third party investors to create a scalable funding structure for follow-on transactions;
- exclusivity of the strategic deal between the parties for transactions of this type.

SYME will update the market on the completion of the above arrangements at which point it intends to announce the name of the Italian Banking Group and Fintech Bank. These currently remain confidential due to the strategic nature of the transaction.

Alessandro Zamboni, SYME CEO, commented:

"I am delighted to announce this agreement as a cornerstone of our inventory funding strategy. We can now begin to structure the monetisation of the first group of Italian client companies. This is a key initiative for Supply@ME and we expect that it will serve as the basis for an ongoing and scalable inventory funding programme for Client companies, starting in Italy. We believe that this will also provide further confidence to investors who have been awaiting the news of our first monetisation."

We expect the agreement will create additional value for the Company, given the opportunity to invest directly in a Fintech Bank whose portfolio will grow as Supply@ME completes further rounds of monetisation. This transaction reinforces the positioning of SYME as an innovative fintech business, via non-credit transactions, aimed at assisting with the working capital needs of SMEs and large corporates."

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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^[1] The Big Four is the name to refer collectively to the four largest professional services networks in the world, comprising Deloitte, Ernst & Young, KPMG and PwC.

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