

RNS Trading Statement



Trading Update - Replacement

SUPPLY@ME CAPITAL PLC

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31 August 2021

Supply@ME Capital plc

(The "Company" or "SYME")

Trading update

Strong increase of inventory monetisation revenues expected through an evolving multi-business line FinTech strategy

Supply@ME Capital plc, the innovative fintech platform which provides the Inventory Monetisation© service to manufacturing and trading companies, today announces the following trading update.

Preliminary note

Following the acquisition of TradeFlow Capital Management Pte. Ltd ("TradeFlow"), which completed on 6 July 2021, and the recent launch of its Global Inventory Monetisation Fund (the "Fund", as disclosed in the RNS of 9 August 2021), the Group (being the Company and its operating subsidiaries) is now focused on establishing and growing the following active, and future, revenue streams:

1. Investment Advisory ("**IA**"): this is the revenue stream currently being generated by TradeFlow in its capacity as investment advisor to its well-established funds, as well as its anticipated role as investment advisor to the Fund going forward.

This stream is expected to generate revenues of approximately 1.25% of Assets Under Management for which TradeFlow acts as advisor. Additionally, TradeFlow could receive a further 15% performance incentive fee of the profits generated by the Funds, based on performance.

2. "Captive" inventory monetisation platform servicing ("**C.IM**"): this is revenue generated through the use of the Platform to facilitate inventory monetisation ("IM") transactions performed by the Fund and its Inventory Funders. Currently this revenue is being generated by the Group's Supply@ME operating subsidiaries, and in the future is expected to be supplemented by Tijara Pte Ltd, a technology subsidiary company of TradeFlow. The revenue will be earned in relation to the following tasks:
 - origination and due diligence (pre-IM); and
 - monitoring, controlling and reporting (post-IM).

This stream is expected to generate revenues of approximately 1-3% of the gross value of the inventories monetised (purchase price plus VAT).

- "White Label" inventory monetisation platform servicing ("WL.IM"): this is the revenue to be generated through the use of the Platform by third parties who choose to follow the self-funding model.

This stream is expected to generate software-as-a-service revenues of approximately 0.5-1.5% of the value of each Inventory Monetisation transaction (meant as funding provided).

Trading update for the six months ended 30 June 2021

The following table shows the preliminary and unaudited revenues of both TradeFlow and SYME (including its subsidiaries) for the six months ended 30 June 2021 and for the corresponding period in 2020. It should be noted that TradeFlow only became part of SYME in July this year so did not contribute to Group Turnover during these six-month periods. The TradeFlow figures have therefore been shown for information purposes only.

Revenue streams	Preliminary and unaudited revenues for the 6-months period respectively ended 30 June			Originated Business for the 6-month period ended 30 June 2021 ⁽¹⁾	Pipeline ⁽²⁾
	2021 £000	2020 £000	Movement %		
TradeFlow - IA Revenue ⁽³⁾	272	212	28%	~250 transactions and 40 active clients (exporters plus importers)	£ 750m
Group - C.IM Revenue ⁽⁴⁾	271	-	N/A	6 clients	£ 1.5bn 126 clients
WL.IM Revenue	<i>The Group is developing its integrated capabilities in respect of White Label inventory monetisation platform servicing. SYME operating subsidiaries are in discussions with potential partners.</i>				

⁽¹⁾ For the IA Revenue stream, the Originated Business includes the number of active counterparts and transactions the funds traded with & invested in during the period. For the C.IM Revenue stream, the Originated Business includes the number of clients monetised and/or the number of clients for which the Group has carried out due diligence services whereby the fees received meet the revenue recognition criteria as set out in IFRS 15 - Accounting for Revenue from Contracts with Customers ("IFRS 15").

⁽²⁾ Includes Client companies for which due diligence is completed or underway and/or eligible prospects which show an interest for the inventory monetisation services and with whom the Group is working in the pre-analysis phase. The monetary value represents the potential value of inventory to be monetised by these Client companies. This number excludes any client companies that have been lost due to either failing to meet eligibility criteria or delays in obtaining securitisation funding. While some of these lost client companies may be expected to be re-boarded once the first inventory monetisation has been completed, they have been excluded from the C.IM Pipeline figures above.

⁽³⁾ TradeFlow - IA revenue has been translated into GBP from USD or EUR as applicable using the average monthly exchange rates for the relevant period in which the revenue was recognised.

⁽⁴⁾ At 30 June 2021 the Group's C.IM Revenue includes due diligence fees charged to Client companies by the Group's main operating subsidiary which meet the revenue recognition criteria set out in IFRS 15 as above. It should be noted that the revenue for the 6-month period ended 30 June 2020 has been restated to meet the requirements of IFRS 15. The Company expects to perform the same trend observed for 2020: the first half of the year was dedicated to manage the Client companies preliminary analysis. Accordingly, the outcome of the latter are expected to generate revenues in the second part of the year.

Geographical & sector analysis

The Originated Business emanates from the following geographic and sector classifications:

- TradeFlow - IA Revenue:
 - The inventory in transit transactions predominantly took place in Asia-Pacific ("APAC") and Africa during the six-month period ended 30 June 2021.
 - The sectors from which the IA revenues were generated during the period were substantially Agriculture, Energy and Chemicals.
- Group - C.IM Revenue:
 - All the Client companies for which SYME Group completed due diligence activities were based in Europe (Italy).
 - According to the Global Industry Classification Standards (GICS) adopted by the Company, the key Portfolio core sectors relevant to the due diligence activities carried out during the period were Retailing, Capital Goods and Healthcare Providers & Services.

The Pipeline emanates from the following expected geographic and sector classifications:

- TradeFlow - IA Revenue:
 - Revenues are expected to be substantially generated in line with the present geographical and sectoral model.
- Group - C.IM Revenue:
 - Revenues are expected to be substantially generated from the following sources:
 - by client: Europe (Italy) 65%, UK 25%, MENA 9%, US 1%
 - by potential Inventory Monetisation values: Europe (Italy) 62%, UK 25%, MENA 10%, US 3%
 - According to the Global Industry Classification Standards (GICS) adopted by the Company, the key Portfolio core sectors which each account for in excess of 10% of the potential value of inventory to be monetised are:
 - Food, Beverage & Tobacco;
 - Retailing;
 - Capital Goods; and
 - Materials.

Outlook^[1]

The outlook statement for the current financial year ending 31 December 2021 takes into account the status of the initiatives disclosed to the market via previous RNS announcements published by the Company.

As result of internal analysis, the Board of Directors expects to generate consolidated revenues for the year ending 31 December 2021 in the range of £3.8m - £4.9m. In developing this outlook statement, the Board of Directors has considered the proposed fees that will be charged by the Group for the year ending 31 December 2021 and only has only included those which are expected to meet the criteria for revenue recognition in 2021 in line with IFRS 15. As a result, the Board of Directors expects a further similar amount in the range of £3.9m - £4.9m to be deferred and recognised as revenue in the year ending 31 December 2022.

The expected consolidated revenues for the year ending 31 December 2021 and the deferred revenues include both IA and C.IM revenue streams. Approximately 56% of the total of the expected C.IM revenue for the year ended 31 December 2021 and the deferred C.IM revenue relate to monitoring, controlling and reporting services, which are post-IM activities as stated above. Due to the features of the Group service model, this portion of the C.IM revenues are expected to be recurring over an indicative multi-annual period of 3 years.

Given the following initiatives are currently in progress and have not yet been finalised, the Board of Directors have not included any potential positive impacts of these initiatives in the outlook statement set out above:

- Captive Bank funding;
- Deployment of the International Chamber of Commerce ("ICC") partnership; and
- Execution of Shariah compliant inventory monetisation transactions.

The Company aims to present its updated Strategic Plan for the period 2022-2025 within the course of the existing financial year.

Forward looking statements and other important information

This announcement contains forward looking statements, which are statements that are not historical facts and that reflect SYME's beliefs and expectations with respect to future events and financial and operational performance as at the date hereof. These forward looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the control of SYME and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. Nothing contained within this announcement is or should be relied upon as a warranty, promise or representation, express or implied, as to the future performance of SYME or its business. Any historical information contained in this statistical information is not indicative of future performance.

The information contained in this announcement is provided as of the dates shown.

Nothing in this announcement should be construed as:

- legal, tax, investment, financial, or accounting advice, or solicitation for or an offer to invest in SYME;
- a profit forecast or profit estimate and no statement in this announcement should be interpreted to mean that the future earnings per share of the Company for current or future financial years will necessarily match or exceed the historical or published earnings per share of the Company.

Notes

The Company enables businesses to generate cashflow, via a non-credit approach and without incurring debt, by monetising their existing stock which is intended to be sold to end-customers or through monetisation of goods and or commodities as part of a typical import/ export transaction. SYME' Global Inventory Monetisation Fund enables creditworthy companies to improve their working capital cycle. The Fund does not target monetisation of inventories owned by companies in financial distress or otherwise seeking to monetise illiquid inventories.

Contacts

Alessandro Zamboni, CEO, Supply@ME Capital plc, investors@supplymecapital.com

Paul Vann, Walbrook PR Limited, +44 (0)20 7933 8780; paul.vann@walbrookpr.com

Brian Norris, Cicero/AMO, +44 (0)20 7947 5317 brian.norris@cicero-group.com

[1] The expected revenue amounts referred to in the outlook statement have been converted into GBP from the underlying source currencies using the spot rates on 26 August 2021, being the latest practicable date prior to the date of this RNS being published.

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