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RNS Directorate Change

BOARD CHANGES AND TRADEFLOW UPDATE

SUPPLY@ME CAPITAL PLC

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU, WHICH IS PART OF UNITED KINGDOM DOMESTIC LAW PURSUANT TO THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS (*SI 2019/310*) ("UK MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION (AS DEFINED IN UK MAR) IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

24 March 2023

Supply@ME Capital plc

(the "**Company**" or "**SYME**", and together with its subsidiaries and subsidiary undertakings, the "**Group**")

Board changes and TradeFlow update

SYME, the fintech business which provides an innovative fintech platform (the "**Platform**") for use by manufacturing and trading companies to access Inventory Monetisation© ("**IM**") solutions enabling their businesses to generate cashflow, provides the following update to the market:

Board changes

Dr. Thomas (Tom) James and John Collis tendered their resignations as statutory directors of the Company ("**Directors**") after market close on 23 March 2023, and the board of Directors ("**Board**") has accepted their resignations in those capacities with immediate effect.

Neither Dr. James nor Mr. Collis sat on any of the committees of the Board, and, accordingly, there will be no interruption in the compliance of the Company with the QCA Corporate Governance Code.

Dr. James and Mr. Collis will continue in their various roles in respect of the Company's wholly owned subsidiary, TradeFlow Capital Management Pte. Limited ("**TradeFlow**") and its subsidiaries and subsidiary undertakings (together with TradeFlow, the "**TradeFlow Group**").[1]

TradeFlow update

On 22 July 2022, the Company announced that it was reviewing its relationship with TradeFlow and, by extension, the TradeFlow Group. Since that time, the Board has been working with Dr. James and Mr. Collis (together, the "**TradeFlow Directors**") to document the restructuring of the Company's ownership of TradeFlow and so as to enable the TradeFlow Directors to buy back 81% of TradeFlow from the Company (the "**TradeFlow Restructuring**").

A key driver behind the TradeFlow Restructuring has been an evolution in the regulation of the fund management industry. In particular, the Monetary Authority of Singapore, Singapore's financial regulator, has informed the TradeFlow Directors that TradeFlow should separate its licensed fund management activities from the rest of its business. In addition, the Company is aware that sentiment from recent test-marketing of the Global Inventory Fund (the "**GIF**") has confirmed that potential investors of the GIF also wish to see a segregated structure of the Platform provider and the investment adviser. In light of these market developments, the Company, the TradeFlow Directors and their respective advisers have been working to implement the TradeFlow Restructuring in order to separate the Platform (fintech business) from the fund management activities (regulated business), in order to clarify the Group's market position and improve the growth prospects for both businesses. This separation was expected to create value for shareholders by eliminating any perception of conflicts of interest between the two businesses and providing both businesses with greater commercial opportunities through the clear differentiation of responsibilities of the individual entities.

The Company was planning to announce the completion of the TradeFlow Restructuring in tandem with the publication of the Group's 2022 Annual Report and Accounts ("**2022 ARA**") at the end of April 2023, and to publish a supplementary prospectus in conjunction therewith, subject to the approval of the Financial Conduct Authority (the "**FCA**"). However, immediately after tendering their resignations as Directors, the TradeFlow Directors provided further written notice to the Board of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow (the "**Buy Back**"), pursuant to certain earn out arrangements entered into in connection with the Company's acquisition of TradeFlow (the "**TradeFlow**

Acquisition"), the completion of which was announced on 6 July 2021 ("**Completion**"); the relevant Buy Back provisions state that: [2]

"The [TradeFlow Directors] may at any time during the 24 months following Completion, [Buy Back TradeFlow] at the lower of:

(a) at the fixed price of £40,000,000; or

*(b) at a fair value less a discount of any shortfall in the support to be provided by the Company in a working capital budget of not less than £2,500,000 or as mutually agreed. Any such valuation will take into account any component of the [purchase price for 100% of the shares of TradeFlow] that will have already been settled. The parties shall use the same methodology as used by the valuer in calculating the Company's valuation as per the report made available by [the TradeFlow Directors] to [the Company] dated 28 March 2021 ("**Fair Value**").*

Any determination of Fair Value shall be carried out at by an independent valuer qualified as a Certified Valuation Analyst by NACVA jointly instructed by the parties as expert and following the guidelines and requirements of the International Valuation Standards (effective as of 31 January 2020) issued by the International Valuation Standards Council."

Shareholders should note that the Board was prepared for this eventuality, and will take into account the following information when agreeing the terms of any Buy Back with the TradeFlow Directors:

- TradeFlow was valued at approximately £31 million at the time of the TradeFlow Acquisition by an independent valuation company. This figure was included in announcements published by the Company on 26 May 2021 and 6 July 2021.
- On Completion, the Company paid £4.0 million in cash and issued 813 million new ordinary shares in the capital of the Company ("**Ordinary Shares**"), each such Ordinary Share being issued with a contractually agreed value of 1.1 pence each (or £8,943,000 in aggregate), to the TradeFlow Directors ("**Consideration Shares**"). As specified in the 2021 Annual Report and Accounts, the fair value of the 813 million Consideration Shares issued was £3.1 million based on the then prevailing market price per Ordinary Share.
- The difference between the fair value of £31 million and the fair value of the amounts transferred by the Company to the TradeFlow Directors on Completion comprised future earn-out payments that would be made to the TradeFlow Directors if certain revenue milestones were met from financial year ended 31 December 2021 ("**FY-21**") through to financial year ended 31 December 2023.
- On 18 July 2022, the TradeFlow Directors were each issued with 106,762,760 new Ordinary Shares in relation to settlement of post-Acquisition earn out payments for FY-21.
- As part of the TradeFlow Restructuring, the Company recently commissioned an updated valuation report for the TradeFlow Group. This valuation report was produced by the same independent valuation company as was commissioned in connection with the Acquisition. This most recent valuation was dated 6 January 2023 and valued the TradeFlow Group as at 30 September 2022 at £25.6 million.

Shareholders should also note that at the time of publication of this announcement, the identity of the "independent valuer" has yet to be agreed between the Board and the TradeFlow Directors, the timing of the assessment of the "Fair Value" is not yet certain, though the Board notes that the provisions require any Buy Back to occur during "24 months from Completion" (i.e., by early July 2023). In the meantime, TradeFlow shall remain a wholly owned subsidiary of the Company, and the Board do not view the developments detailed in this announcement as comprising a significant new factor warranting disclosure in a supplementary prospectus to the Company's prospectus of 3 October 2022.

For the avoidance of doubt, however:

- if the Board and the TradeFlow Directors agree to implement the Buy Back prior to the publication of the 2022 ARA at the end of April 2023, the Board will seek to publish a standalone supplementary prospectus detailing that significant new factor (i.e., the Buy Back), followed by a further supplementary prospectus in conjunction with the publication of the 2022 ARA;
- if the Board and the TradeFlow Directors agree to implement the Buy Back in conjunction with the publication of the 2022 ARA at the end of April 2023, the Board will seek to publish a supplementary prospectus documenting both significant new factors (i.e., the Buy Back and the publication of the 2022 ARA); and
- if no agreement as regards the Buy Back is reached prior to the publication of the 2022 ARA at the end of April 2023, the Board will seek to publish a supplementary prospectus in connection with the publication of the 2022 ARA, and a further supplementary prospectus in connection with the Buy Back,

in each case, subject to FCA approval.

The Company will, of course, update the market in a timely fashion once further details have been agreed between Board and the TradeFlow Directors in accordance with its legal and regulatory obligations.

For the purposes of UK MAR, the person responsible for arranging release of this announcement on behalf of SYME is Alessandro Zamboni, CEO.

Contact information

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Notes

SYME and its operating subsidiaries provide its Platform for use by manufacturing and trading companies to access inventory trade solutions enabling their businesses to generate cashflow, via a non-credit approach and without incurring debt. This is achieved by their existing eligible inventory being added to the Platform and then monetised via purchase by third party Inventory Funders. The inventory to be monetised can include warehoused goods waiting to be sold to end-customers or goods that are part of a typical import/export transaction. SYME announced in August 2021 the launch of a global Inventory Monetisation programme which will be focused on both inventory in transit monetisation and warehoused goods monetisation. This programme will be focused on creditworthy companies and not those in distress or otherwise seeking to monetise illiquid inventories.

[1] 85% of Tijara Pte. Limited and 50% of TradeFlow Capital Management Systems Pte. Limited, respectively, are owned by the Company indirectly via TradeFlow.

[2] The language specified in square-brackets is in place of defined terms.

END

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