

NS Strategy/Company/Operations Update



FUNDING AND BUSINESS 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.

5 December 2023

Supply@ME Capital plc

(the "Company", "Supply@ME" or "SYME" and, together with its subsidiaries, the "Group")

Funding and Business 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 funding and business update.

Summary

- As at the date of this announcement, the Group received £1,395,184 from The AvantGarde Group S.p.A. (an entity ultimately beneficially wholly-owned and controlled by Alessandro Zamboni, Chief Executive Officer of the Company) ("**TAG**") as a result of the contractual payments under the Debt Novation Deed, the TAG Unsecured Working Capital Loan Agreement and the Top-Up Shareholder Loan Agreement. An additional amount of £1,505,646 currently remains outstanding and, accordingly, has not been received by the Company.
- The Group has made significant progress in the formalisation of the first White-Label IM agreement (which remains subject to contract) with a leading Italian banking group to execute an initial IM transaction with an inventory value to be monetised of up to €10m. The Group expects to be able to provide a further update on this agreement imminently. Additionally, the Group is actively working to finalise the structuring of a security token framework with the CH Trading Hub^[1] which will allow a first security token issuance up to US\$100m to be subscribed in tranches, mostly by institutional investors active in the digital asset markets.

Further details of each of these are set out below.

Funding update

Debt Novation Deed

On 30 June 2023, the Company stated, as part of the restructuring of TradeFlow Capital Management Pte. Limited ("**TradeFlow**"), that it had entered into an English law governed debt novation deed between the Company, the buyers of the 81% majority stake in TradeFlow (the "**Buyers**") and TAG on 30 June 2023 (the "**Debt Novation Deed**"). The Debt Novation Deed created the obligation for TAG to settle the £2,000,000 cash payment that was due from the Buyers to the Company, as a result of the sale of the 81% majority stake in TradeFlow, in three tranches:

- £500,000 which was due on 30 June 2023. As at the date of this announcement, this instalment has been received in full;
- £1,000,000 which was originally due on 30 September 2023. The due date for this instalment was extended to 31 October 2023 under the English law governed side letter agreement (the "**Side Letter Agreement**"), cast as a deed on 28 September 2023. Details of the Side Letter Agreement can be found in the announcement made by the Company dated 29 September 2023. As at the date of this announcement, £354,816 of this tranche is currently outstanding and has not been received. The payment of the £645,184 has been received through a split of £288,426 in cash, £325,674 by way of formal debt novation agreements with specific suppliers whereby the debt held by the Group was novated to TAG with no recourse by to the Group, and £31,084 by way of offset against amounts owed by the Group to TAG. The Company is now charging a late fee to TAG calculated at a compounding rate of 15% per annum on any amounts of this instalment not transferred to the Company by the 31 October 2023, in accordance with the Side Letter Agreement; and
- £500,000 which is due by 31 January 2024.

TAG Unsecured Working Capital Loan Agreement

On 30 June 2023, the Company stated, as part of the restructuring of TradeFlow, that it had amended the current obligations of TAG under the English law governed fixed term unsecured working capital loan agreement that was entered into by the Company and TAG on 28 April 2023 (the "**TAG Unsecured Working Capital Loan Agreement**"). Following the amendment to the TAG Unsecured Working Capital Loan Agreement, the full amount available to be drawn down by the Company from TAG was £800,000 and this draw down was notified to TAG by the Company on 30 June 2023. As at the date of this announcement, £250,000 of this draw down has been received by the Company in cash and, £550,000 currently remains outstanding and has not been received.

Top-Up Shareholder Loan Agreement

On 29 September 2023, the Company stated, as part of the interim results announcement, that it entered into an English Law governed top-up unsecured shareholder loan agreement with TAG (the "**Top-Up Shareholder Loan Agreement**"), pursuant to which TAG agreed to provide the Company with a shareholder loan facility of up to £3,500,000 to cover the Company's working capital and growth needs up to 30 June 2025 (the "**Top-Up Facility**"). The details of the Top-Up Shareholder Loan Agreement can be found in the Company's announcement dated 29 September 2023.

To date, the Company has issued draw down notices to TAG for a total amount of £600,830 under the Top-Up Shareholder Loan Agreement, for which the funds were due to be received from TAG by 24 November 2023. As at the date of this announcement, the full amount of this draw down is currently outstanding and has not been received by the Company. Under the Top-Up Shareholder Loan Agreement, the Company is now charging a late fee to TAG calculated at a compounding rate of 15% per annum on any amounts not transferred to the Company by the due date set out in the Top-Up Shareholder Loan Agreement.

Business update

The board of directors (the "**Board**") confirms that the Group is continuing to work towards completion of the key business milestones that were detailed in the interim results announcement made on 29 September 2023, in particular:

- the formalisation of the first IM deal with a leading Italian banking group (the "**WL Inventory Funder**") to execute an initial IM transaction with an inventory value to be monetised of up to €10m, which involves an existing client of the WL Inventory Funder. This White-Label IM agreement (which remains subject to contract) is expected to allow the Group to scale its revenue in Italy, leveraging the balance sheet and the client base of the WL Inventory Funder in specific supply chains. The Group expects to be able to provide a further update on this agreement imminently; and
- the structuring of a security token framework with the CH Trading Hub which will allow a first security token issuance up to US\$100m to be subscribed in tranches, mostly by institutional investors active in the digital asset markets. The security token is expected to be issued by a vehicle sponsored by Société Financière Européenne S.A. ("**SFE**") and be tradeable on authorised digital asset exchanges.

As a result of the funding and business updates detailed above, the Board are continually reviewing the cashflow position of the Group, on a prudent basis, and are currently exploring alternative options of funding in order to mitigate the risk resulting from the delays in the receipt of the various commitments from TAG as detailed above. Some of those options may potentially be cheaper than the current loan facilities provided by TAG (being the TAG Unsecured Working Capital Loan Agreement and the Top-Up Shareholder Loan Agreement).

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.

[1] Supply@ME has been collaborating with a group of private investors and subject matter experts of working capital solutions to launch an independent Swiss-based trading business (the "**CH Trading Hub**") to replace the Cayman-based global inventory fund ("**GIF**"), previously advised by TradeFlow Capital Management Pte. Ltd., in which the Company owns a minority interest. The CH Trading Hub, owned by Société Financière Européenne S.A. ("**SFE**"), is also expected to assume control of the independent Stock Companies from the GIF once this restructuring is completed, to manage the overall trading businesses using the Platform and the associated services provided by the Group.

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