

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.

29 February 2024

Supply@ME Capital plc

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

Business, trading and funding 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 business, trading and funding update.

Summary

- On the 3 January 2024, the Company announced that it had commenced its overall White-Label go-to-market strategy as a result of securing a commitment with Banco BPM S.p.A ("**WL Inventory Funder**" or "**BBPM**") to fund an initial IM transaction with an inventory value to be monetised of up to €10 million with an existing client of BBPM (respectively the "**WL Client Company**" and the "**WL Transaction**"). Following this announcement, the Company and the working group (as referred to in the RNS announcement dated 3 January 2024 and including the WL Inventory Funder and the WL Client Company) have been working closely to draft, review and finalise the detailed commercial contracts which will implement the commitment received from BBPM. Alongside this, the working group has been progressing the onboarding of the remarketers identified, at the same time as evaluating the opportunity for the remarketer to undertake a separate dedicated IM transaction. SYME currently expect the contracts to be completed by the end of March 2024 and will update the market accordingly.
- The Company intends to leverage the results of the contracting process for the WL Transaction to create a standard scalable format for future White-Label transactions with other local commercial banks and their client companies. The Group has recently commenced discussions with two separate Italian commercial banks who have expressed an interest in replicating the White-Label model utilising their existing client base, of which certain clients may also be included in the Group's pipeline.
- The establishment of the track record demonstrated by the first executed IM transactions, together with the strong reputation of BBPM, has created the opportunity for the Group to present its business model to a number of other investment banks, as well as dedicated asset fund managers. As a result of this, the Group is currently working with an investment banking division of an Italian neo banking group, who has expertise in the adoption of the PNP Regulation¹, and two different asset fund managers, to evaluate their potential participation in respect of ad hoc IM programmes.

¹ New Italian legislation – *pegno non possessorio* (the "**PNP Regulation**").

- The Company has continued to make solid progress in structuring a security token framework with the CH Trading Hub which will allow a first security token issuance up to US\$100 million to be subscribed in tranches, largely by institutional investors who are active in the digital asset markets. SYME and the CH Trading Hub are in advanced discussions with an asset manager specialising in digital assets to secure a first commitment of USD\$5 million, together with the involvement of a regulated crypto exchange which can support the distribution of the security token to its investor base in order to progress the completion of the programme. The commitment of the first USD\$5 million is currently expected to be finalised by the end of March 2024.
- Following the funding update provided on 5 December 2023, the Company wishes to provide a further update with regards to the funding payments that have been made by 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 at the date of this announcement, the Group has received £2,276,963 from TAG as a result of the contractual payments under the Debt Novation Deed, the TAG Unsecured Working Capital Loan Agreement (which has now been fully received by the Company) and the Top-Up Shareholder Loan Agreement (together the "**TAG Contractual Commitments**"). This amount is £881,779 higher than had been disclosed as having been received from TAG in the announcement dated 5 December 2023 and relates to the outstanding payments under the TAG Contractual Commitments. The continued receipt of funds demonstrates the ongoing commitment from TAG to support the Company and to provide payments under the TAG Contractual Commitments, albeit on a delayed payment schedule. An additional amount of £1,766,552 currently remains outstanding and, accordingly has not been received by the Company. The outstanding amount includes additional drawdowns made by the Company under the Top-Up Shareholder Loan Agreement since 5 December 2023 of £642,685 and an amount of £500,000 that fell due on the 31 January 2024 under the Debt Novation Deed. TAG has provided representations to the board of directors of the Company that it will continue to provide the outstanding amounts, and that TAG is itself in the process of securing additional facilities to enable performance against these representations.

Further details of each of these are set out below.

Business update

Background

Over the past year, the Group has continued to make important progress to enhance its business operating model with continued differentiation of the IM Platform including, not only the underlying software, but also the supporting processes, methodologies and legal framework.

In addition, the inventory funding framework also evolved over the past year, particularly through the launch of an independent Swiss-based trading business ("**CH Trading Hub**") to replace the Cayman based Global Inventory Fund ("**GIF**"), previously advised by Tradeflow Capital Management Pte. Ltd ("**TradeFlow**"). The CH Trading Hub, owned by Société Financière Européenne S.A. ("**SFE**"), has purchased certain independent Stock Companies, to meet the needs of specific IM transactions, and is in the process of assuming control of the existing independent Stock Companies from the GIF. The CH Trading Hub will also incorporate new independent Stock Companies as required in the future.

The intention is that the CH Trading Hub, through its ownership of the independent Stock Companies, will act as an asset (inventory) management group and will invest its equity capital to build up a dedicated internal structured financing team and provide, when needed, equity capital, or other funding solutions, for specific IM transactions. The CH Trading Hub also has ownership of a dedicated securitisation company authorised in Luxembourg which it intends to leverage to help facilitate the access of inventory funders to IM transaction, through both the traditional and token financing routes.

The CH Trading Hub is working closely with the Group to maximise the opportunity for the IM Platform and CH Trading Hub to constitute an IM infrastructure which can be used by both banks for their White-Label offering, and investment banks, security token arrangers and inventory funders to adopt and implement ad hoc IM programmes. In the case of White-Label offerings, it allows banks to leverage their existing client base, and in the case of other potential inventory funders it allows them to work closely with the Group to access its pipeline of client companies who have already expressed interest in unlocking their working capital through inventory monetisation.

With reference to the CH Trading Hub, it is worth noting that, as of today, Alessandro Zamboni, the CEO of the Group, has, along with a number of other investors, a personal non-controlling interest in SFE, with this entity acting as equity capital partner provider for the CH Trading Hub.

White-Label IM

As outlined above, it was announced on 3 January 2024 that the Group has secured a commitment provided by BBPM to fund the WL Transaction. This commenced the Group's overall White-Label go-to-market strategy. Accordingly, the Group has been working closely with BBPM and the WL Client Company in drafting, reviewing and finalising the commercial contracts and onboarding the identified remarketers, at the same time as evaluating the opportunity for the remarketer to undertake a separate dedicated IM transaction. The intention being this White-Label IM will be a first template transaction aimed at creating a scalable format for future White-Label transactions.

In relation to the specific WL Transaction, the WL Inventory Funder is preparing a loan agreement between itself and the dedicated Stock Company, which will enable the funding to flow from BBPM to the Stock Company to execute the purchase of the inventory from the WL Client Company. The WL Transaction will utilise the Group's IM Platform and inventory servicing expertise.

Discussions are also underway with the WL Inventory Funder regarding other potential White-Label transactions that can follow once the initial one has been successfully executed.

Following the positive momentum created by the announcement on the 3 January 2024, the Group is also now liaising with two other Italian commercial banks who have expressed an interest in replicating the White-Label model utilising their existing client base, of which certain clients may also be included in the Group's pipeline.

Additionally, an asset-based lender based in the UK has approached the Group and discussions are ongoing to evaluate how the IM infrastructure can be adapted to meet their needs. This could involve use of only the IM Platform, and/or specific aspects of the inventory servicing activities provided by the Group. This would allow the Group to demonstrate the flexibility and adaptability of its business model through the provision of bespoke services to interested potential inventory funders and White-Label partners.

Finally, the Group is actively investigating the promotion of the opportunity for commercial banks to offer an IM facility to their existing clients, and, in this regard, is in direct contact with the Italian Banking Association² to support a dedicated working group.

Cooperation with investment banks and asset managers

The establishment of the track record demonstrated by the first executed IM transactions, coupled with the strong reputation of the WL Funder, has created the opportunity for the Group to present its business model to investment banks and dedicated asset fund managers in order to evaluate their potential participation in respect of ad hoc IM programmes. These programmes could cover the Group's existing client pipeline and, also, new clients that match the eligibility criteria requested by the potential

² ABI – Associazione Bancaria Italiana.

inventory funders. Discussions are ongoing around an initial single-name IM transaction and then scaling with a wider roll-out plan.

The Group is currently working with an investment banking division of an Italian neo banking group, who has expertise in the adoption of the PNP Regulation and two different asset fund managers, in order to evaluate their potential participation in respect of such ad hoc IM programmes.

Digital assets route

In 2023, the trend towards tokenising real-world assets has surged, positioning itself as a significant transformative force by integrating digital representations of physical assets onto blockchain technology. This trend is primarily fueled by the escalating costs of capital, which highlight capital inefficiencies, thereby urging financial institutions to seek out tokenisation as a strategic solution.

At the same time, the Markets in Crypto-Assets Regulation (MiCA) created uniform European Union market rules for crypto-assets. The regulation covers crypto-assets that are not currently regulated by existing financial services legislation. Key provisions for those issuing and trading crypto-assets (including asset-reference tokens and e-money tokens) cover transparency, disclosure, authorisation and supervision of transactions. The new legal framework will support market integrity and financial stability by regulating public offers of crypto-assets and by ensuring consumers are better informed about their associated risks.

With this background in mind, the Group has been working on the following digital assets routes:

- the structuring of a security token framework with the CH Trading Hub which will allow a first security token issuance up to US\$100 million to be subscribed in tranches, largely by institutional investors active in the digital asset markets. The Group and the CH Trading Hub are in advanced discussions with an asset manager specialised in digital assets to achieve a first commitment of USD\$5 million together with the involvement of a regulated crypto exchange which can support the placing of the security token to its investors base, in order to complete the programme. This initiative is expected to attract further investment banks and asset managers with the focus on crypto to investigate the arranging of similar initiatives.
- On 28 June 2022, the Company announced its entry into a strategic alliance (the “**VeChain Agreement**”) with the VeChain Foundation (“**VeChain**”), a blockchain enterprise service provider focused on supply chain and sustainability, to fund the first inaugural IM transaction and kick off the “Web3” stream.

The VeChain Agreement contained two phases, both in terms of investment opportunities and technology development.

Phase One comprised the inaugural IM transaction worth approximately US\$1.5 million, providing a proof-of-concept, which was announced on 12 September 2022 and, as to date, has performed in line with the requirements of the VeChain Agreement.

With reference to the Phase Two, SYME and VeChain are evaluating how to implement this workstream, also considering the new market positioning of VeChain (which is primarily focused on creating a developing platform for Web3 adopters in the space of sustainability) and the updated regulatory environment (which imposes specific requirements for financial products underpinned by the blockchain technology).

The Group will update the market in due course.

Origination

The Group continues to remain focused on its two core jurisdictions for the origination of new client companies: Italy and UK. However, the Group will evaluate on a case-by-case basis potential opportunities in new jurisdictions, particularly if this is driven by the appetite of potential inventory funders.

Additionally, considering the White-Label go-to-market strategy and the collaboration taking place with other banks and asset fund managers, the Group is conducting a full review of its pipeline, including the assessment of current pipeline clients against specific IM funding criteria that is in the process of being formulated. The objective of the Group is to create pipeline figures which actually demonstrate the commitment of the client company and, also, the preliminary eligibility of the client within potential IM programmes. Further details will be provided within the Annual Report for the year ended 31 December 2023 ("FY23").

Trading Update

The FY23 Annual Report is currently being prepared and is expected to be published at the end of April 2024. During the second half of FY23, the Group continued to recognise revenue from:

- Completion of due diligence activities for new potential client companies (pre-IM); and
- Usage of the IM Platform and performance of inventory servicing activities in relation to those IM transactions that have been facilitated over the Platform (post-IM).

The Group's revenue from continuing operations recognised in the second half of the 2023 is currently expected to be broadly in line with that generated in the first six months of 2023. It should be noted that this figure is still the subject of the year end audit procedures.

With respect to the pre-IM revenue, there were no new origination fees generated in the second half of 2023 due to the delay in the completion of the initial inventory purchase relating to the first UK IM transaction that was announced by the Company on 3 July 2023. This delay has largely been the result of the IM being managed alongside an existing floating charge facility which has required this client company to gain specific waivers. While this has resulted in delays to this deal, it has proven that an IM transaction model is able to work alongside existing financing facilities.

On 30 June 2023, the Company announced the disposal of the majority 81% stake of TradeFlow (the "**TradeFlow Restructure**"). In connection with the TradeFlow Restructure, the Company announced that the Group and TradeFlow also entered a Platform licence agreement (the "**Platform Licence Agreement**") pursuant to which TradeFlow has been granted a non-exclusive white-label licence for an initial three-year period to use the Group's IM Platform on a non-exclusive basis and limited to the APAC region. The consideration for which is a payment by TradeFlow of £1,000,000 over the duration of the initial three-year period. Following the signing of the Platform Licence Agreement, the two parties have been undergoing discussions regarding the point in time when the access to the Platform will be activated and as a result, to date, the consideration payment has not been requested or received by the Company.

The Company has recently received an early stage expression of interest with regard to the 19% ownership stake that it currently holds in TradeFlow and which it is in the process of evaluating. Alongside this, the board of directors of SYME is in the process of considering and evaluating its longer term options with regards to its remaining 19% stake in TradeFlow.

Funding update

Debt Novation Deed

On 30 June 2023, the Company stated, as part of the TradeFlow Restructure, that it had entered into an English law governed debt novation deed with 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; and
- £500,000 which is due by 31 January 2024.

As at the date of this announcement, £523,037 of the £2,000,000 receivable is currently outstanding and has not been received by the Company. The payment of the £1,476,963 has been received through a split of £998,683 in cash, £420,670 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 £57,610 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 the instalments not transferred to the Company by the relevant due date, in accordance with the Side Letter Agreement.

TAG Unsecured Working Capital Loan Agreement

On 30 June 2023, the Company stated, as part of the TradeFlow Restructure, 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, the full £800,000 of this draw down has been received by the Company in cash and as a result, no further amounts remain outstanding under this facility.

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 £1,243,515 under the Top-Up Shareholder Loan Agreement. 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.

As a result of the business and funding update detailed above, the Board are continually reviewing the cashflow position of the Group, on a prudent basis, and are currently exploring additional funding options to diversify the sources of funding for the Group and to mitigate the risk of being dependent on the TAG Contractual Commitments.

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.