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BUSINESS UPDATE

[SUPPLY@ME CAPITAL PLC](#)

Released 07:00:03 17 December 2024

RNS Number : 3013Q
Supply@ME Capital PLC
17 December 2024

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17 December 2024



Supply@ME Capital plc

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

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, announces the following business update.

Highlights

- As at 16 December 2024 (being the latest practicable date prior to this announcement) the Group had a client company inventory monetisation pipeline of £125.2 million which is supported by signed letters of interest or term sheets. This compares to £124.0 million reported at 20 September 2024 on the same basis.
- The current amount of inventory which has been monetised using the SYME Platform through first IM purchases is £3.5 million as at 16 December 2024, this compares to £1.9 million as at 20 September 2024.
- A new funding commitment has recently been finalised by Société Financière Européenne S.A. ("SFE") and one of its wholly owned Italian stock companies (the "Italian Stock Company"). This new funding commitment will allow the Italian Stock Company to enter into new IM transactions with client companies collectively worth €3.5million. This new funding has been provided to the Italian Stock Company by global players in the asset management industry who have subscribed to a secured bond issued by the Italian Stock Company. This is expected to be an attractive financial product for the asset management firms interested in investing in the Italian real economy.
- The Group has developed an updated offering with the Italian neo banking group with the aim of initially delivering a comprehensive inventory and receivables financing facility to Italian corporates clients. This would allow the SYME Platform to also be used to provide a service to client companies who prefer to follow a more traditional inventory financing model.
- Supply@ME and Banco BPM S.p.A ("BBPM") are continuing to work together to provide an alternative solution which would allow IM transactions to be completed without the need for a specific remarketer to be contracted for each separate IM transaction. The objective is to allow the need for a remarketer to be avoided in certain circumstances, unlocking the potential and scalability of the IM facility further. Alongside this, the working group is continuing to work with the targeted customer base (agri-food supply chains) which, as of today, comprises the first White-Label Client Company (an Italian cheese producer) and a new second one originated by BBPM, being an Italian leader in production of tomatoes products.

Business Lines Update

Open Market Inventory Monetisation

Open Market IM transactions are those originated by the Group from its internal pipeline and which are funded by the independent stock companies through use of funds from third party investors.

Italian neo banking group alliance

On 29 April 2024, the Company announced that it had entered into an agreement with SFE and an Italian neo banking group aimed at deploying an Inventory Monetisation programme (the "**IM Securitisation Programme**"). In particular, the Italian neo banking group, through its investment banking division, acting as arranger and, following the necessary internal approvals, was expected to fund the senior notes and part of the junior notes issued by securitisation special purpose entities formed directly by the bank. Progress has been made regarding the analysis of the IM model and how the securitisation vehicle can fund the programme.

As set out in the Group's 2024 Interim Results, which were released on 30 September 2024, the Italian neo banking group and SYME decided to prioritise a programme of plain-vanilla inventory financing (up to €35million) receivables financing transactions (up to €100million) using the Group's Platform. This proposal has been made by the banking group considering the expected increase in appetite of some Italian corporates regarding inventory-backed financing facilities that will leverage the Italian legislation *pegno non possessorio* (the "**PNP Regulation**") and the opportunity to target specific client companies who prefer to follow a more traditional inventory financing model.

Accordingly, the working group, comprising the Italian neo banking group and SYME, have approved a standard term-sheet which will be submitted to a list of selected client companies, included within the Group's current pipeline, in order to canvas interest in this new offering using the Group's Platform.

Cooperation with asset managers

As highlighted in the 2024 Interim Accounts to date during 2024 there has been an increasing interest from potential inventory funders regarding the potential to leverage Supply@ME's unique business model to access the relatively untapped asset of inventory. In this regard, the Group has been involved in certain activities to attract the asset management industry to invest in the Italian real economy (in particular working capital solutions for SMEs). On 15 November 2024, one of Italian Stock Company, which is a wholly owned subsidiary of SFE, issued a secured bond (applying the PNP Regulation) valued up to €5million and a global player in asset management subscribed for the first €3.5million, which has now been received by the Italian Stock Company.

The use of the €3.5million of proceeds will allow the Italian Stock Company to deliver new IM transactions, which will be facilitated using the SYME IM Platform, to previously identified Italian client companies from the Group's current pipeline. In particular, on the 3 December 2024, contracts were finalised between the Italian Stock Company and an Italian clothing retailer to utilise €1.9 million, the first portion of the €3.5 million. The inventory of this company has now been monetised using the SYME Platform. Additional client companies are currently moving through the due diligence and contracting process.

Digital Assets & Tokenisation

As noted in the 2024 Interim Results, which were released on 30 September 2024, the Company is of the opinion that the digital asset market is still in its infancy, with global governance protocols still being developed and regulations evolving. This currently leads to high costs associated with the launch of any new related product. As such, at this stage further commitments and subscription to the targeted security token above the initial USD\$5 million commitment, are required to allow further development of this business line and ensure its profitability for all parties involved. The Group will provide further updates as they become available.

White Label

The first White-Label IM agreement with BBPM was announced by the Company on 3 January 2024 (the "**White-Label Agreement**"). This commitment provided by BBPM is to fund an initial IM transaction with an inventory value to be monetised up to €10million of the White-Label Client Company. Following the internal credit risk management procedures, that commitment is now under review considering the original maturity date.

As explained in the 2024 Interim Results, which were released on 30 September 2024, and detailed above, Supply@ME and BBPM are working together to overcome the requirement of a specific remarketer for each IM transaction originated. The objective is to allow, in certain circumstances, the requirement for a specific remarketer to be avoided, unlocking the potential and scalability of the IM facility. Additionally, the working group is continuing to engage with its targeted customer base (agri-food supply chains) which, as far as today, comprises the first White-Label Client Company (Italian cheese producer) and a new second one originated by BBPM, Italian leader in producing tomatoes products.

Client Company Origination Update

As outlined in the 2023 Annual Report and Accounts (announced on 1 May 2024) and the 2024 Interim Results (announced on 30 September 2024) the Company intends to report client company pipeline for which there is either a signed letter of interest or a signed term sheet in place with the client company. The reporting of this pipeline figure aims to illustrate the value of the pipeline whereby there is a demonstrated level of commitment from both sides to move forward with the SYME due diligence and onboarding processes. This reported pipeline figure does not represent all the client companies with whom the Company is currently discussing its products.

As at 16 December 2024 SYME had a client company inventory monetisation pipeline of £125.2 million which was supported by either signed letters of interest or term sheets. This compares to £124.0 million reported at 20 September 2024. The Group's client company inventory monetisation pipeline is made up of 100% Italian client companies.

Operational Pipeline KPI

	As at 16 December 2024 Unaudited	As at 20 September 2024 Unaudited
Client company inventory monetisation pipeline supported by either a letter of interest or term sheet	£125.2 million	£124.0 million
Number of client companies included with the above pipeline figure	6	5
Percentage of the above pipeline figure contributed by the single largest potential client	66%	68%

Reporting of only those companies with either a signed letter of interest or term sheet in place is to support consideration of the fact that throughout the sales and onboarding process there may be reasons client companies do not continue in the process and/or the volume of eligible inventory reduces. For example, they may be unable to supply the detail of ERP inventory data required to support the level of analysis underpinning the Supply@ME due diligence service or, once this ERP data is supplied and analysed, the volume of eligible inventory SKUs may reduce hence decreasing the value of inventory in the Supply@ME pipeline in relation to this client company.

Other corporate updates

Selection of the new auditor

The Group is continuing to work to identify and appoint a new external auditor following the resignation of Crowe U.K. LLP.

Team changes

2024 has presented a number of challenges to the SYME team including the delays in corporate funding (which has been most recently disclosed to the market in the 2024 Interim Results, released on 30 September 2024), together with delays in securing inventory funding. This has led to a higher than usual attrition rate. During this time, consideration is continuously being given to business continuity and the key skills, knowledge and behaviours required to effectively and efficiently deliver operational resilience for our clients in both our pre and post IM activities.

The entry by the Company and TAG into the Extension Deed of Amendment constituted a material related party transaction for the purposes of DTR 7.3 and was, accordingly, voted upon by the independent Directors (excluding Alessandro Zamboni, who, constituted a "related party" (as such term is defined in IFRS)), and the independent Directors consider the material related party transaction in respect of the Extension Deed of Amendment to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party.

Related Party Transactions

With reference to the agreement with SFE referred above, it is worth noting that, as of today, The AvantGarde Group S.p.A. (an entity ultimately beneficially wholly-owned and controlled by Alessandro Zamboni, Chief Executive Officer of the Company) ("**TAG**"), has, along with a number of other investors, a non-controlling interest in SFE. For this reason, both the IM Securitisation Programme and the White-Label Agreement, and the associated agreements between the Group and the dedicated stock company (which is owned by SFE) that will be signed as part of the definitive commercial agreements between the relevant parties ("**Platform Agreements**"), constituted a material related party transaction for the purposes of DTR 7.3 and were, accordingly, voted upon by the independent Directors at the relevant times (excluding Alessandro Zamboni, who, in this case, constituted a "related party" (as such term is defined in IFRS)), and such independent Directors considered these material related party transactions in respect of the IM Securitisation Programme, the White-Label Agreement, and the associated Platform Agreements, to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party. Additionally, the commercial agreements between the Company and dedicated stock company (which is owned by SFE) governing the use of the Group's Platform in specific IM transactions constitute an ordinary course of business transaction between related parties.

- Ends -

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

Enquiries

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

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