

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.

30 June 2023



Supply@ME Capital plc
(the "Company" or "SYME")

TradeFlow Restructuring

Notification of Transaction of a Person Closely Associated

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, today announces that, further to its announcement on 24 March 2023 entitled "Board changes and TradeFlow update", it will restructure the ownership of TradeFlow Capital Management Pte. Limited ("**TradeFlow**") (the "**TradeFlow Restructuring**") to better serve the needs of SYME's client companies and funders of both businesses, and to create value for shareholders of the Company (the "**Shareholders**").

Key highlights

- SYME will reduce its ownership in TradeFlow from 100% to 19% by selling 81% of the issued share capital in TradeFlow to Tom James and John Collis (the "**Buyers**"), creating a clear separation between SYME's IM fintech Platform and TradeFlow's regulated fund management business.
- This separation is aimed at removing any potential future conflicts of interest between the two businesses and associated regulatory and commercial hurdles, which will in turn improve the growth prospects of both businesses.
- The consideration for SYME's 81% stake in TradeFlow will be £14,386,100 (the "**Cash Quantum**") of which £12,386,100 will be netted off against potential future amounts owed by SYME to the Buyers under the terms of an earn-out letter relating to the original acquisition of TradeFlow on 1 July 2021 (the "**TradeFlow Acquisition**").
- SYME's major shareholder, The AvantGarde Group S.p.A. ("**TAG**"), will assume the obligation of the Buyers to pay SYME the remaining £2,000,000 of the Cash Quantum (the "**TAG Amount**") by way of a novation. The TAG Amount will be repaid by TAG to SYME in multiple tranches, with the final tranche being payable by 31 January 2024. In consideration for assuming the £2,000,000 obligation of the Buyers, TAG will acquire 1,026,525,520 existing ordinary shares of nominal value £0.00002 each in the capital of SYME ("**Ordinary Shares**") from the Buyers.
- The TAG Amount will be offset against 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, as amended on 30 June 2023 (the "**TAG Unsecured Working Capital Loan Agreement**") and reduce the obligations under the TAG Unsecured Working Capital Loan Agreement to up to £800,000.
- The acquisition of the 1,026,525,520 existing Ordinary Shares by TAG from the Buyers will not create any dilution to existing Shareholders and the deemed price per Ordinary Share to be acquired from the Buyers is approximately 0.195 pence, approximately 50% above the closing price on 29 June 2023 of 0.13 pence per Ordinary Share.
- Additionally, TradeFlow will enter into a three-year white-label licence agreement with Supply@ME Technologies S.r.l., a wholly owned subsidiary of SYME, with respect to use of the Platform, on a non-exclusive basis and limited to the Asia-Pacific ("**APAC**") region, for a total consideration of £1,000,000 payable over a three-year period.

Background to the TradeFlow Restructuring

Original strategic positioning

Pursuant to the acquisition agreement between the Company and the then shareholders of TradeFlow, dated 21 May 2021, the Company acquired TradeFlow on 1 July 2021 for a total accounting consideration of £7.1 million, split between cash consideration of £4.0 million and £3.1 million in equity consideration.

The TradeFlow Acquisition enabled SYME to further its offering for the supply chain industry by enabling the Company to design an end-to-end IM service, including monetising of both inventory "in-transit" inventory (initially, commodities), and warehoused goods.

warehoused goods.

Market evolution

In recent months, the Company's Board has noted an evolution in the regulation of the fund management industry. The Monetary Authority of Singapore, Singapore's financial regulator, has approved that TradeFlow should separate its licensed fund management activities from the rest of the TradeFlow business.

In light of these market developments, the Company and TradeFlow have mutually agreed that it is in the best interests of Shareholders to separate the Platform (fintech business) from the fund management activities (regulated business), in order to clarify SYME's market position and improve the growth prospects for both businesses.

This separation is 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 has also agreed to trigger the liquidation process of the Global Inventory Fund ("GIF"), being the two segregated portfolio funds currently owned by Apex Group and advised by TradeFlow. The Company has identified an alternative structure for the management of the Stock Companies, the trading companies which undertake the IM transactions utilising the Platform. This alternative structure is in line with recent market practices regarding the management of similar trading businesses and will ensure seamless business continuity. The Company will provide the market with appropriate updates in due course.

Continuing benefits

In addition to responding to the market evolution, the Company's Directors believe that the TradeFlow Restructuring will be in the best interests of both the Company and TradeFlow as both businesses will continue to benefit from the separate focus and domain expertise. For this reason, with the aim to leverage the TradeFlow ecosystem of partners, TradeFlow will licence and make available the Company's Platform as a white-label offering to potential third-party asset managers/inventory funders in the APAC region.

TradeFlow Restructuring SPA

Pursuant to the terms of an English law governed share purchase agreement between the Company and the Buyers, dated 30 June 2023 ("**TradeFlow Restructuring SPA**"), the Company agreed to sell the 81% of TradeFlow's issued share capital (the "**Sale Shares**") to the Buyers, and the Company will retain 19% of TradeFlow's issued share capital (the "**Minority Shares**").

The total Cash Quantum payable by the Buyers under the TradeFlow Restructuring SPA for the Sale Shares is £14,386,100.

Of the Cash Quantum, £12,386,100 will be netted off against potential future amounts owed by SYME to the Buyers under an earn-out side letter entered into by the Company and the Buyers in connection with the TradeFlow Acquisition Agreement in May 2021 (the "**Earn-Out Side Letter**").

The remaining £2,000,000 of the Cash Quantum was novated from the Buyers to TAG on the terms of a novation deed entered into between the Company, the Buyers and TAG (see "Debt Novation Deed" below).

The TradeFlow Restructuring SPA contains:

- an "anti-embarrassment" clause, such that, if there is a change of control of TradeFlow in the two-year period from the date of TradeFlow Restructuring SPA as a result of a further sale of the Sale Shares by the Buyers, the Company may be due a proportionate additional amount of consideration from the Buyers; and
- an acknowledgment by each of the parties thereto that the TradeFlow Restructuring SPA supersedes and extinguishes any of the rights or obligations set out in the Earn-Out Side Letter, which is deemed terminated upon completion of the TradeFlow restructuring without any further liability for any of the parties to the Earn-Out Side Letter.

The Company gave limited warranties to the Buyer concerning title, capacity, and ability to transfer the Sale Shares in the TradeFlow Restructuring SPA.

The TradeFlow Restructuring SPA also contains a call option granted by the Company to the Buyers, which will allow the Buyers to purchase the Minority Shares from the Company (the "**Call Option**"). The Call Option is exercisable over a maximum of three tranches. The amount payable on exercise of the Call Option will be calculated with reference to the higher of twice the implied valuation of the Cash Quantum and twice the then fair market value of TradeFlow determined by an independent valuer. In the event that there is a change of control of the Company, the amount payable on exercise of the Call Option will be 90% of the then fair market value.

Debt Novation Deed

Pursuant to the terms of an English law governed debt novation deed entered into between the Company, the Buyers and TAG on 30 June 2023 (the "**Debt Novation Deed**"), the TAG Amount by way of novation.

Pursuant to the Debt Novation Deed, TAG has agreed with the Company to settle the TAG Amount in three tranches:

- £500,000 on 30 June 2023;
- £1,000,000 on 30 September 2023; and
- £500,000 on 31 January 2024.

TAG is ultimately beneficially wholly-owned and controlled by its sole director, Alessandro Zamboni, Chief Executive Officer of the Company.

The entry by the Company and TAG into the Debt Novation Deed constitutes a material related party transaction

for the purposes of DTR 7.3 and was, accordingly, voted upon by the independent Directors (being the Board other than Alessandro Zamboni, who constituted a "related party" (as such term is defined in IFRS)) (the "**Independent Directors**").

In exchange for acquiring the TAG Amount from the Buyers, TAG has agreed to acquire 1,026,525,520 Ordinary Shares from the Buyers at a deemed price per Ordinary Share of 0.195 pence, being 50% above the closing price on 29 June 2023 of 0.13 pence per Ordinary Share. The acquisition of the 1,026,525,520 existing Ordinary Shares by TAG from the Buyers will not create any dilution to existing Shareholders.

Platform Licence Agreement

The Group and TradeFlow have also entered into an Italian law governed Platform licence agreement between Supply@ME Technologies S.r.l and TradeFlow, dated 30 June 2023 (the "**Platform Licence Agreement**"). Pursuant to the Platform Licence Agreement, TradeFlow has been granted a non-exclusive white-label licence for an initial three-year period to use the Group's proprietary web-based technology Platform on a non-exclusive basis and limited to the APAC region. The consideration for which is a payment by TradeFlow to Supply@ME Technologies S.r.l of £1,000,000 over the duration of the initial three-year period.

Deed of Amendment to TAG Unsecured Working Capital Loan Agreement

On 30 June 2023, the Company and TAG entered into an English law governed deed of amendment to the TAG Unsecured Working Capital Loan Agreement (the "**Deed of Amendment to TAG Unsecured Working Capital Loan Agreement**"), which amended and restated clause 2.2 of the TAG Unsecured Working Capital Loan Agreement, confirming that the obligations of TAG to pay, pursuant to clause 2.1 thereof, to the Company up to £2,000,000 in multiple tranches, with the final tranche being payable by 31 January 2024, shall be netted-off against the TAG Amount. The resulting impact of the Deed of Amendment to TAG Unsecured Working Capital Loan Agreement is:

- to reduce the amount drawable by the Company from TAG pursuant to the TAG Unsecured Working Capital Loan Agreement to an amount of up to £800,000 payable by TAG to the Company by 21 July 2023, save to the extent that prior to 21 July 2023, as specified in the TAG Unsecured Working Capital Loan Agreement, the Company receives unrestricted cash amounts from the exercise of any outstanding Warrants and/or alternative equity, debt or hybrid financing and such unrestricted cash amounts are in the opinion of the Board sufficient to enable the Company to meet the Group's working capital obligations under the Prospectus Regulation Rules; and
- to replace the remaining £2,000,000 from the TAG Unsecured Working Capital Loan Agreement, also payable in multiple tranches, with the same amount payable to the Company by TAG in accordance with the Debt Novation Deed. The TAG Amount will not be repayable by the Company and will not incur interest.

The entry by the Company and TAG into the Deed of Amendment to TAG Unsecured Working Capital Loan Agreement constitutes a material related party transaction for the purposes of DTR 7.3 and was, accordingly, voted upon by the Independent Directors.

The Deed of Amendment to TAG Unsecured Working Capital Loan Agreement comprises a material related party transaction under DTR 7.3, and the Independent Directors consider the entry by the Company into the Debt Novation Deed as a material related party transaction to be fair and reasonable from the perspective of the Company and its Shareholders who are not related parties.

Material related party transactions

The Debt Novation Deed and the Deed of Amendment to TAG Unsecured Working Capital Loan Agreement comprise a series of material related party transactions under Disclosure Guidance and Transparency Rule 7.3, and the Directors (independent of Alessandro Zamboni, a "related party" (as such term is defined in UK-adopted International Financial Reporting Standards)) consider those material related party transactions to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party. Accordingly, this announcement is made under and in compliance with Disclosure Guidance and Transparency Rule 7.3.8.

Alessandro Zamboni, CEO of SYME commented:

"Since joining forces with SYME 18 months ago, the TradeFlow team has made a significant contribution to the Company's progress. By combining our shared expertise, we built the first inventory real asset alternative fund, which can now evolve into a more flexible and open structure. This is a necessary reconfiguration, rather than a partnership split, with the decision informed by our proactive engagement with potential inventory funders and regulators."

"We continue to believe in the market positioning of TradeFlow and its risk transformation methodology to support import/export commodity transactions in the small-to-medium enterprise space. SYME continues to explore opportunities for the integration of its unique IM - warehouse based - facility with in-transit and cross-border inventory programmes, in line with our vision to support businesses at every stage of the inventory lifecycle."

Tom James and John Collis, Executive Directors of TradeFlow commented:

"Based on our discussions with the Board and feedback from potential funders, it's clear that this reconfiguration is in the best interests of all parties and will provide multiple benefits for both organisations. We will continue to work closely with the team at SYME to develop its white-label offering in the APAC region."

Legal notices:

A supplementary prospectus (the "**Second Supplementary Prospectus**") has been prepared in connection with the TradeFlow Restructuring, which is supplemental to, and should be read in conjunction with, the prospectus for the purposes of Article 3 of the UK Prospectus Regulation published by the Company on 3 October 2022 (the "**Prospectus**") and the first supplementary prospectus to the Prospectus published by the Company on 4 May 2023. The Second Supplementary Prospectus is a regulatory requirement under the Prospectus Regulation Rules of Financial Conduct Authority, following the announcement of the TradeFlow Restructuring. An electronic copy of the Second Supplementary Prospectus will be made available for inspection on the Company's website at <https://www.supplymecapital.com/investors/> and will be submitted to the National Storage Mechanism maintained by the FCA and will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. 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

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

MHP Group, SupplyME@mhpgroup.com

Notification of Transaction of a Person Closely Associated

The Company was notified on 30 June 2023 that TAG, a Person Closely Associated ("**PCA**") with Alessandro Zamboni, a Person Discharging Managerial Responsibilities ("**PDMR**") of SYME acquired a total of 1,026,525,520 Ordinary Shares at a price of 0.195 pence each, details of which are below in accordance with UK MAR.

1	Details of the Person Closely Associated (PCA)		
a)	Name	The AvantGarde Group S.p.A.	
2	Reason for the notification		
a)	Position/status	PCA to Alessandro Zamboni, Chief Executive Officer of Supply@ME Capital plc and a PDMR	
b)	Initial notification/Amendment	Initial notification	
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor		
a)	Name	Supply@ME Capital plc	
b)	LEI	213800ZY2C2T12C5WQ61	
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted		
a)	Description of the financial instrument, type of instrument Identification code	Ordinary shares of nominal value £0.00002 each in the capital of Supply@ME Capital plc ISIN: GB00BFMDJC60	
b)	Nature of transaction:	Acquisition of shares.	
c)	Price(s) and volume(s)	Price(s)	Volume(s)
		0.195 pence	1,026,525,520
	Aggregated information - Aggregated volume - Price	1,026,525,520 0.195 pence	
e)	Date of the transaction	30 June 2023	
f)	Place of the transaction	London Stock Exchange, XLO	

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