

26 March 2020



## **1pm plc**

("1pm", the "Group" or the "Company")

### **COVID-19 update**

#### ***Open for business and supporting UK SMEs***

#### ***Business impact being proactively managed***

1pm plc (AIM: OPM), the AIM listed independent specialist provider of finance facilities to UK SMEs, provides shareholders with the following update on measures taken by the Company in response to COVID-19 and on the current business impact of the pandemic.

The principles by which the Group is operating in these unprecedented times are these:

- a dedicated focus on the health and safety of the Group's employees and their families
- an uninterrupted seamless service for customer and client transactions
- unwavering support to viable businesses for which finance solutions have been provided
- remaining open for new business to support credit-worthy, robust SMEs

The Group is pleased to report that operations are being effectively and successfully carried out in respect of all four of these principles, with 190 employees all operating remotely, and with meaningful support being given to SME borrowers on a daily basis, providing a "business as usual" service, whilst strictly following guidelines and advice from Public Health England and the World Health Organisation. This is a credit to the entire workforce, whose wellbeing remains of critical importance to the Group.

#### **Current business impact**

As with most businesses operating in the non-bank, specialist lending sector, the immediate impact of adherence to the Government's advice is that multiple borrowers are requesting payment delays, holidays, or similar forbearance as they adjust to substantially no footfall or sales revenue in their own businesses. 1pm has always dealt with borrowers on a case-by-case basis and is adhering to this operational principle as the Group handles a large volume of in-bound requests for support. Payment holidays and the rescheduling of lease and loan agreements, as well as further advances within existing facilities to invoice finance clients, are being agreed on a case by case basis where justified. Such new arrangements include circumstances where the Company's own lenders, such as British Business Bank, have agreed to corresponding forbearance on the Company's own facilities. 1pm intends to continue to support credit-worthy customers and businesses to ensure they have the opportunity to resume normal trading at a future date.

1pm reiterates that it remains open for new business and will continue to lend, albeit on temporarily tightened and restricted credit criteria.

#### **Balance sheet strength**

Whilst supporting UK SMEs with such forbearance is the right and proper policy, the risk to 1pm is that its widespread application, if justified and agreed by the Group, would result in a substantial constriction of its short term cash inflows from receivables. However, 1pm has a strong balance sheet, with ample operational liquidity and covenant headroom, with committed facilities at least through to the end of this calendar year, and in most cases for longer, from a number of large UK banks. The Company's lenders are

unanimously supportive of the Group and continue to provide funding for new business. The Company expects this to continue.

### **Actions**

The Government business and bank funding initiatives announced to date, whilst extensive and welcomed, do not specifically provide direct financial support for non-bank specialist lenders like 1pm, nor do they channel funds to SMEs through non-bank lenders such as 1pm. With non-bank lenders providing one-third of all UK consumer credit and one-third of UK funding to businesses for investment in plant, machinery, equipment and software, the Company believes that this is currently a sector which should be addressed as part of the Government's business and bank funding initiatives to support UK SMEs in what are unprecedented times.

1pm, together with other companies in the sector, is actively lobbying through relevant industry bodies to request changes and extensions to the Government's funding initiatives in order to include the non-bank lending sector within them, enabling 1pm, and the sector as a whole, to provide additional support to UK SMEs throughout this period of economic uncertainty.

### **Financial position**

1pm has been trading in line with market expectations for the current financial year through to the end of the third quarter, 29 February 2020. Given the rapidly evolving nature of the pandemic and the current "lock-down" of the UK, it is not possible to quantify the impact that COVID-19 may have on the Company's financial performance in the final quarter of the current financial year. Furthermore, given the uncertainty over how long these conditions will prevail, the Company is no longer in a position to provide guidance on expectations for its financial performance in the next financial year.

As a consequence of such general and widespread uncertainty, together with the short-term need to conserve cash resources to maintain service and in order to give continuing support to UK SMEs, the Board will defer a decision on the amount and timing of any final dividend for the current financial year until the market situation and the effect of COVID-19 have become clearer.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

### **For further information, please contact:**

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**About 1pm:**

1pm's strategy is to focus on providing or arranging the finance UK SMEs require to fund their businesses and arranging vehicle and property-backed finance for consumers. The multi-product range for SMEs includes asset, vehicle, loan and invoice finance facilities. The Group operates a "hybrid" lending and broking model enabling it to optimize business levels through market and economic cycles.