



11 April 2017

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

ACQUISITION OF BELL FINANCE LIMITED FOR UP TO £3.4M IN CASH AND SHARES

1pm plc (AIM: OPM), the AIM listed independent specialist provider of finance facilities to the SME sector, announces that it has today acquired the entire issued share capital of Bell Finance Limited (the "Acquisition").

Background on the Acquisition:

Bell Finance Limited ("Bell" or the "Company"), established in 2000, is a successful, independent, specialist provider of funding for business-critical equipment, primarily "hard" assets comprising plant, machinery and vehicles, for Construction, Recycling and Manufacturing. In addition, Bell provides "Caterham" branded finance for kit cars. The Company is originating approximately £6.0m of new business a year, the majority of which it funds on its own balance sheet, with approximately 15% of deals brokered-on.

Bell is FCA registered with a current loan book comprising over 400 live agreements amounting to £10.3m of receivables, including £2.3m of unearned interest, i.e. future revenue. For its financial year ended 30 November 2016, the Company's unaudited results included revenue of £1.7m, profit before tax and dividends of £0.4m and net assets of £1.1m.

The consideration for the Acquisition comprises the following:

- £2.3m in cash payable at completion including £0.3m placed in escrow for up to six months, to be released on achievement of certain integration milestones;
- a further £0.3m of deferred cash over three years; and
- an earn-out of £0.8m, comprising £0.6m worth of 1pm plc shares at the fixed price of 66.7 pence per share and £0.2m in cash, conditional on the achievement of trading forecasts over the three year period following completion.

1pm has financed the cash consideration from within its existing borrowing facilities.

Reasons for the Acquisition:

1pm intends to merge the operations of Bell into those of its existing subsidiary Bradgate Business Finance Limited ("Bradgate"), itself acquired in March 2016. Bell and Bradgate are both specialist providers of hard asset finance solutions to a broad range of largely owner-managed businesses. Their core strength is access to a selected panel of funders whilst also having the ability to act as a principal funder. They therefore provide their clients with a wide range of competitive financing packages, generating high yields and strong returns on capital. The book of receivables for the combined business stands at approximately £20m.

The Acquisition therefore meets two of 1pm's core strategic objectives of, firstly, building scale and, secondly, replicating the funding and broking model, which the Group successfully operates in its Asset Finance Division. In addition, with greater access to lower-cost funding as part of the Group, the

combined business will have the capacity for further, more profitable growth.

Richard Batchelor and Mark Durman, the directors and principal shareholders of Bell have been employed in the sector for many years and have extensive customer contacts, which has formed the basis for Bell's own book lending. Both directors have agreed to continue to serve the Group working in conjunction with Richard Arnold and Ian Sullivan, the directors of Bradgate. The merged, enlarged business will operate under the Bradgate name from Bradgate's premises in Lutterworth, Leicestershire.

Commenting on the Acquisition, Ian Smith, CEO, said:

"We are delighted to build on the recently announced acquisition in our Loans Division, by completing this acquisition for our Asset Finance Division. This latest transaction demonstrates our ongoing commitment to delivering on our strategic objectives of building scale and maintaining our funding and broking capabilities. The acquisition of Bell and its merger into Bradgate creates a substantial business for the funding of hard assets required by many SME sectors and establishes a platform for further growth".

The information contained within this announcement is deemed by the Group to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.

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About 1pm:

The Company was admitted to AIM in August 2006.

1pm plc is a group of established independent finance companies focused on providing SMEs with accessible funding to add value to their businesses. All customers must have good credit histories and proven ability to repay their finance commitments.

Mission Statement – 'Helping the UK economy grow by supporting SMEs'

More information is available on the Company website www.1pm.co.uk