

28 July 2015



1pm plc
("1pm" or the "Company")

Acquisition of MH Holdings (UK) Limited for up to £12 million
Placing and Open Offer to raise up to £7.3 million

1pm plc (AIM: OPM), the AIM listed specialist independent provider of finance facilities to the SME sector, is pleased to announce the proposed acquisition of MH Holdings (UK) Limited ("MHH") for up to £12 million in cash and shares and a Placing and Open Offer to raise in aggregate up to £7.263 million before expenses. MHH is the holding company for a group of companies, the only trading company of which is Academy Leasing Limited ("Academy").

Key Points:

- Acquisition of MHH, a provider of equipment finance and an equipment and vehicles broker to the SME market for consideration of up to £12 million;
- MHH annualised turnover of £5.1 million with potential for further growth in combination with 1pm;
- a Placing of 10,833,334 New Ordinary Shares at 60 pence per share to the Placées to raise £6.5 million (before expenses);
- new institutional shareholders joining the share register; and
- a further issue of up to 1,270,847 New Ordinary Shares at 60 pence per share to Qualifying Shareholders pursuant to the Open Offer to raise up to £0.763 million (before expenses).

The Placing Shares and Open Offer Shares will be issued at a price of 60 pence each, which represents a discount of 11.1 per cent. against the mid-market price of 67.5 pence per share at which the Ordinary Shares were quoted on AIM as at close of trading on 27 July 2015, the last trading day prior to announcement of the Acquisition, Placing and Open Offer.

A circular is being posted today to Shareholders (the "Circular"). The Circular sets out in more detail the background to and reasons for the Acquisition, Placing and Open Offer and their respective terms. All capitalised terms in this announcement are as defined in the Circular which will be available on the Company's website: www.1pm.co.uk

1. Introduction

The Company announced today that it has exchanged a conditional contract to acquire the entire issued share capital of MH Holdings (UK) Limited for a total consideration of up to £12 million. The consideration is to be satisfied as to:

- £6 million payable in cash on Completion;
- £2.385 million by way of the issue of 3,575,712 new Ordinary Shares on Completion;
- Deferred consideration of up to £2.615 million by way of the issue of up to 3,920,540 new Ordinary Shares, subject to the satisfaction of certain performance conditions; and
- £1 million by the issue of Vendor Loan Notes.

In order to meet the cash consideration and to provide additional loan book lending for the Enlarged Group, the Company has also announced today a Fundraising to raise a total of up to £7.263 million (before expenses) by way of:

- a Placing of 10,833,334 new Ordinary Shares at 60 pence per share to the Placées to raise £6.5 million (before expenses); and
- a further issue of up to 1,270,847 new Ordinary Shares at 60 pence per share to Qualifying Shareholders pursuant to the Open Offer to raise up to £0.763 million (before expenses).

The issue price of 60 pence per new Ordinary Share represents a discount of 11.1 per cent. against the mid-market price of 67.5 pence per share at which the Ordinary Shares were quoted on AIM as at close of trading on 27 July 2015, the last trading day prior to announcement of the Acquisition, the Placing and the Open Offer. The Consideration Shares have

been valued at 66.7 pence per share, being the average Closing Price for the 20 Business Days prior to the date on which the Acquisition Agreement was signed.

The Acquisition is conditional, *inter alia*, on the Placing being completed. The Company's existing share authorities which allow it to issue shares on a non pre-emptive basis are insufficient to allow the Placing and the Open Offer to proceed and therefore the Placing and Open Offer is conditional on Shareholders' approval.

The Fundraising is conditional, amongst other matters, on the passing of certain Resolutions at the General Meeting, and is expected to complete at 8.00 a.m. on 26 August 2015, being the expected date of Admission.

2. Background to and reasons for the Acquisition and Fundraising

The Board's stated strategic and operational plan is to further develop and grow the business through a combination of organic growth, new product introductions and selective acquisitions. Over the last six years the Company has achieved significant growth, from reporting a £402,416 loss for the year ended 31 May 2010 through to reporting a profit before tax of £1,619,617 for the year ended 31 May 2015. Over the same period, the loan book has grown from £6.5 million to £30.1 million and the market capitalisation of the Company has increased from £1.5 million to around £25 million. This growth has been achieved entirely organically without acquisitions. The Directors consider that the Acquisition will facilitate further growth and strengthen the Group's position in the market.

The Directors are of the opinion that the Acquisition will be significantly earnings accretive. In addition, they believe that the Acquisition will provide, *inter alia*, the following benefits:

- Academy currently undertakes both own book and brokered-on business. 1pm writes all its business on its own book. Whilst Academy will continue to broker on some of its deals, the Acquisition will allow more own book business to be written which should be more profitable than broking it on;
- It will provide access to a new pool of customers. 1pm's business is sourced via brokers while Academy's business is derived from equipment suppliers;
- It provides 1pm with a new source of revenue being the commission revenue generated by the vehicles broking business of Academy; and
- The increased scale of the Enlarged Group is expected to provide opportunities to negotiate reduced borrowing rates from lenders.

The cash consideration for the Acquisition amounting to £6 million will be satisfied principally from the net proceeds of the Placing. The Consideration Shares, representing up to £5 million of the total consideration, will ensure that the interests of the Vendors are aligned with the Company and its shareholders going forward. The Initial Consideration Shares will be issued on Completion. The Additional Consideration Shares will be issued subject to the attainment by Academy of certain performance conditions, principally the level of new business origination, over the next three years. The cash consideration for the Acquisition amounting to £6 million will be funded through a combination of existing cash and debt facilities and the proceeds of the Placing. The Vendor Loan Notes will satisfy £1 million of the total consideration. The Vendor Loan Notes will be unsecured and will be issued in integral multiples of £1 nominal value and will be redeemed by the Company together with accrued interest (which shall accrue at an annual rate of 5 per cent.) on a quarterly basis and in equal instalments, with the first instalment being made on 30 November 2015 and the final instalment on 31 August 2018. If the Company issues any Ordinary Shares while any amounts are outstanding in respect of the Loan Notes, the Vendors may convert any unredeemed Loan Notes at the Consideration Share Price.

The Board believes that existing shareholders should also have the opportunity to further invest in the Company at the same price as those institutions who are involved in the Placing and accordingly the Circular sets out the terms of the Open Offer.

3. Information of MH Holdings (UK) Limited and Academy

MHH is the holding company for a group of companies, the only trading company of which is Academy. MHH is owned by Mike Nolan and Hazel Jacques. Academy is a provider of equipment finance and an equipment and vehicles broker to the SME market. It has two principal activities being the provision of:

- finance either via its own loan book or brokered-on facilities; and
- vehicle supply and fleet management services.

For the year ended 31 March 2015 own book and brokered-on revenue accounted for approximately 80 per cent. and vehicle supply revenue 20 per cent. of Academy's total revenue.

As at 31 March 2015, Academy's own loan book amounted to £16 million. Its average loan size is approximately £7,500 and is typically for a period of three to six years. Its funding is provided by a range of block funders. As at 31 March 2015 it had total block funding facilities of approximately £19 million, of which nearly £11 million was being utilised.

In its audited results for the year ended 31 March 2015, MHH recorded revenues of £5,142,831, and profit before tax, amortisation and directors' dividends of £1,870,795. As at 31 March 2015 MHH had net assets of £3.1 million.

4. Use of the proceeds of the Fundraising

The net proceeds of the Placing are expected to be approximately £5.9 million. These proceeds will be applied in satisfying the cash consideration payable for the Acquisition. The balance of the proceeds of the Fundraising will be used to provide additional loan book lending.

5. Details of the Placing and the Open Offer

1pm Plc is proposing to raise £6.5 million (before expenses) pursuant to the Placing and up to a further £0.763 million (before expenses) pursuant to the Open Offer. The Issue Price of 60 pence per new Ordinary Share represents a discount of 11.1 per cent. to the Closing Price of 67.5 pence on 27 July 2015, the latest Business Day prior to the release of this announcement.

The Placing has conditionally raised a total of £6.5 million through the placing of 10,833,334 Placing Shares. Henderson Volantis, a substantial shareholder in the Company, has subscribed for 2,500,000 Placing Shares. This subscription constitutes a related party transaction under the AIM Rules as Henderson Volantis currently holds approximately 16 per cent. of the Existing Ordinary Shares and is therefore a "substantial shareholder" under the AIM Rules. In addition, certain directors are participating in the Placing, namely Ron Russell, Ian Smith and Helen Walker. Their participation in the Placing also constitutes a related party transaction under the AIM Rules. Maria Lewis, an independent director for these purposes, considers having consulted with WH Ireland, the Company's nominated adviser, that the terms of Henderson's subscription and those of Ron Russell, Ian Smith and Helen Walker are fair and reasonable insofar as the Shareholders are concerned.

The Placing is conditional upon, *inter alia*, the Acquisition becoming unconditional in accordance with its terms, the Resolutions being passed and Admission occurring no later than 8.00 a.m. on 26 August 2015 (or such later date as the Company and WH Ireland shall agree, being no later than 9 September 2015).

The Open Offer is being made on a pre-emptive basis, allowing all Qualifying Shareholders the opportunity to participate.

The Open Offer provides Qualifying Holders with the opportunity to apply to acquire Open Offer Shares at the Issue Price pro rata to their holdings of Existing Ordinary Shares as at the Record Date on the following basis:

1 Open Offer Share for every 29 Existing Ordinary Shares

and so on in proportion to any other number of Existing Ordinary Shares then held.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Basic Entitlement.

Shareholders who do not take up their Basic Entitlements in full will experience a dilution to their interests of approximately 29.9 per cent. following the Fundraising (assuming full subscription under the Open Offer) and the issue of the Initial Consideration Shares. Shareholders who take up their Basic Entitlements in full will suffer a dilution to their interests of 27.4 per cent. on the same basis.

Qualifying Shareholders should note that the Open Offer Shares have not been placed under the Placing subject to clawback under the Open Offer nor have they been underwritten, and that the Placing is not conditional upon the number of applications received under the Open Offer.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 26 August 2015 (or such later date, being not later than 8.00 a.m. on 9 September 2015, as the Company and WH Ireland may decide):

- the Placing becoming unconditional in all respects;
- the passing of Resolution 1 at the General Meeting (or any adjournment thereof); and
- Admission becoming effective by 8.00 a.m. on 26 August 2015 (or such later time or date not being later than 8.00 a.m. on 9 September 2015 as the Company and WH Ireland may decide).

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

6. Current trading and prospects

The Company's results for the year ended 31 May 2015 released on 24 July 2015 announced a profit before tax of £1,619,617, an increase of 24 per cent. over the comparative of £1,346,524 in 2014. Revenues increased by 31.4 per cent to £5,533,990 from £4,211,569 in the prior year and the total loan book has grown from £20.4 to £30.1 million.

Trading in the current year has commenced satisfactorily and is ahead of the equivalent period last year.

7. Board changes

Mike Nolan and Hazel Jacques, the Vendors, will join the Board of the Company on Completion. In addition, two new independent non-executive directors, Julian Telling and John Newman, will be appointed to the Board on Admission. On Admission, the Board will comprise four executive and four non-executive directors who will be as follows:

Ian Smith	Non-executive Chairman
Maria Lewis	Chief Operating Officer and Managing Director of 1pm (UK) Limited
Helen Walker	Chief Financial Officer
Mike Nolan	Chief Strategic Officer and Managing Director of Academy
Hazel Jacques	Chief Marketing Officer
Ron Russell	Non-executive Director
Julian Telling	Non-executive Director
John Newman	Non-executive Director

Details of the proposed service agreements of Mike Nolan and Hazel Jacques, being the proposed directors pursuant to the Acquisition, are as follows:

- Mike Nolan will be employed as Chief Strategic Officer pursuant to the terms of a service agreement to be entered into with the Company with effect from Admission. The agreement will be terminable by either party on not less than 12 months' written notice. He will be paid a basic annual salary of £120,000 and will be eligible to receive a bonus (not exceeding his basic salary). His basic salary is subject to annual review by the Remuneration Committee of the Board. He will also be entitled to a range of benefits which are available under the Company's flexible benefit scheme up to a value of £16,000 per annum. He will be subject to certain non-competition and non-solicitation covenants for a period of 12 months and nine months respectively following the termination of his employment.
- Hazel Jacques will be employed as Chief Marketing Officer pursuant to the terms of a service agreement to be entered into with the Company with effect from Admission. The agreement will be terminable by either party on not less than 12 months' written notice. She will be paid a basic annual salary of £120,000 and will be eligible to receive a bonus (not exceeding her basic salary). Her basic salary is subject to annual review by the Remuneration Committee of the Board. She will also be entitled to a range of benefits which are available under the Company's flexible benefit scheme up to a value of £16,000 per annum. She will be subject to certain non-competition and non-solicitation covenants for a period of 12 months and nine months respectively following the termination of her employment.

8. Intentions of the Directors in relation to the Fundraising

Ian Smith and Helen Walker have subscribed for 41,667 and 16,667 Placing Shares respectively. Ron Russell has subscribed for 1,458,334 Placing Shares and has indicated his intention to subscribe for 208,333 Open Offer Shares. In addition, UK Private Healthcare Limited of which Ron Russell is a director and 25 per cent. shareholder has subscribed for 499,999 Placing Shares.

9. General Meeting

The Circular will contain a notice convening the General Meeting to be held at the Francis Hotel, Queens Square, Bath, BA1 2HH at 1:00 p.m. on 25 August 2015 at which resolutions will be proposed to, *inter alia*, approve the Placing and the Open Offer

10. Placing and Open Offer statistics

Closing Price per Existing Ordinary Share on 27 July 2015	67.5 pence
Number of Existing Ordinary Shares in issue	36,854,570
Basic Entitlement under the Open Offer	1 Open Offer Share for every 29 Existing Ordinary shares
Issue Price of each New Ordinary Share	60 pence
Discount to the market price of 67.5 pence per Existing Ordinary Share ¹	11.1 per cent.
Number of Open Offer Shares to be offered for subscription by Qualifying Shareholders	1,270,847
Number of Placing Shares to be issued pursuant to the Placing	10,833,334
Number of Initial Consideration Shares	3,575,712
Expected proceeds of the Open Offer (before expenses) ²	£0.763 million
Expected proceeds of the Placing (before expenses)	£6.5 million
Expected proceeds of the Fundraising (before expenses) ²	£7.263 million
Enlarged Share Capital following Admission ²	52,534,463
Percentage of Enlarged Share Capital represented by the Initial Consideration Shares ²	6.8 per cent.
Percentage of Enlarged Share Capital represented by the Open Offer Shares ²	2.4 per cent.
Percentage of Enlarged Share Capital represented by the Placing Shares ²	20.6 per cent.
Estimated net proceeds of the Fundraising ²	£6.6 million

Notes:

1. Based on the Closing Price on 27 July 2015 being the last practicable date prior to the publication of this Document
2. Assuming full subscription under the Open Offer

11. Expected timetable of principal events

	2015
Record Date for the Open Offer	5.00 p.m. on 24 July
Announcement of the Acquisition, Placing and Open Offer	28 July
Existing Ordinary Shares marked "ex" by the London Stock Exchange	28 July
Basic Entitlements credited to stock accounts in CREST of Qualifying CREST Holders	29 July
Recommended latest time for requesting withdrawal of Basic Entitlements from CREST	4.30 p.m. on 18 August
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 19 August
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 19 August
Latest time and date for the receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	5.00 p.m. on 21 August
Latest time and date for receipt of Forms of Proxy	1.30 p.m. on 21 August
Annual General Meeting	12:30 p.m. on 25 August
General Meeting	1.30 p.m. on 25 August

Admission and commencement of dealings of the New Ordinary Shares
New Ordinary Shares credited to CREST stock accounts
Despatch of definitive share certificates for New Ordinary Shares

8.00 a.m. on 26 August
26 August
w/c 31 August

Commenting on the acquisition, 1pm Chairman, Ian Smith said:

"The acquisition of MHH substantially increases the size of our business and significantly expands both our customer base and our portfolio of products and services. It presents considerable potential for growth and further product development. The MHH management team bring with them many years of valuable industry experience and we look forward to working together to further enhance shareholder value."

Mike Nolan, Managing Director of Academy Leasing added:

"Academy Leasing has grown from humble beginnings in 1987 to become one of the UK's leading providers of equipment and vehicle finance. We are proud to be supporting British business and of the enviable reputation we have built for being flexible, straight talking and financially robust.

"The acquisition by 1pm will help to bolster continued growth into the future. Academy Leasing will continue to trade under its own name and we are committed to further strengthening its brand as part of the Enlarged Group. It's good news for the whole team."

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About 1pm:

The Company was admitted to AIM in August 2006.

1pm plc is an established independent finance company 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.

1pm currently provides assets finance from GBP1,000 to GBP50,000 for a period of between 12 and 60 months and GBP1,000 to GBP50,000 for business loans (repaid over 3-36 months).

Mission Statement - 'Helping the UK economy grow by providing finance to businesses'

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