



15 January 2020

1pm plc
(the “Group” or the “Company”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2019
Record new business origination during half-year; Balance Sheet further strengthened;
Investment in senior personnel and operations in line with stated plans;
Increased interim dividend declared

1pm plc, the AIM listed independent specialist finance provider of funding facilities to UK SMEs and consumers, is pleased to announce interim results for the six-month period ended 30 November 2019 (“Results” or “Interims”).

The Interims reflect continued demand for finance from UK SMEs and consumers across a comprehensive range of products offered by the group. The results are underpinned by the Group’s prudent underwriting and provisioning policies which are continuously under review, given the extended period of uncertainty experienced in the wider macro-economic environment. The Group remains resilient and profitable thanks to its ability to offer a complete range of finance products (asset, vehicles, loan and invoice finance) to UK SMEs; its flexible business model which enables it to act as either a funder or a broker in order to maintain margins and manage credit risk, and its current focus on increasing Group synergies and operational efficiencies.

Highlights:

- Deal origination increased 7% to £87.8m (H1 2018/19: £82.3m), 65% of which was brokered to other lenders for commissions (H1 2018/19 60%)
- Group revenue of £15.6m (H1 2018/19: £16.0m), reflecting slight change in product mix
- Group operating profit before exceptional items of £3.2m (H1 2018/19: £4.1m)
- Fully Diluted EPS of 2.70 pence per share (H1 2018/19: 3.14 pence per share)
- Net Assets increased 4% to £56.1m at 30 November 2019 (31 May 2019: £53.8m)
- ‘Own-book’ lending portfolio increased 1% to £143.5m at 30 November 2019 (31 May 2019: £141.7m)
- Funding facilities increased to £170.7m at 30 November 2019 (31 May 2019: £167.1m)
- The blended cost of borrowings in the period was 3.9% (year to 31 May 2019: 4.0%)
- Bad debt provisions prudently increased to 2.2% (£2.7m) of the total net portfolio (31 May 2019: 1.9% or £2.4m)
- Interim dividend declared up 29% to 0.36 pence per share (Interim 2019: 0.28 pence per share)
- Significant investment in senior personnel and business functions in line with strategy; integration progressing as planned

Commenting on the Interim Results, John Newman, Non-Executive Chairman, said:

“Given the macro-economic and political uncertainty experienced in the UK throughout 2019, including the run-up to December’s General Election, which clearly dampened business activity levels, we are satisfied with the trading momentum maintained across the Group during the first half. The Board believes that the Group’s strategy of being a multi-product provider of finance to UK SMEs and consumers, allied to the flexibility of our “hybrid” operating model of either funding or broking-on new business origination remains sound and will facilitate future growth as well as mitigating the risks associated with any future economic downturn. This has enabled the Group to generate robust levels of demand whilst being able to maintain

margin, control credit and spread risk. As a result, the Group remains strategically and operationally well positioned to deliver future growth.

I am also pleased to confirm that, in line with our progressive dividend policy, the Board is declaring an interim dividend of 0.36 pence per share for the half year period ended 30 November 2019. The dividend will be paid on 12 May 2020 to shareholders on the register at 17 April 2020.”

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

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

CHIEF EXECUTIVE OFFICER'S STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 NOVEMBER 2019

Introduction

The 1pm group is a multi-product speciality finance business providing funding for UK SMEs as a lender and arranging funding for both UK SMEs and consumers as a broker. The Group comprises four operating divisions, namely Asset Finance, Vehicle Finance, Loan Finance and Invoice Finance. Following the completion of a recent buy-and-build phase of expansion, the current strategic focus is on integration as a group and investment in order to lay the foundations for the next phase of organic and inorganic growth through to 2024.

Financial Results

Against a backdrop of uncertain macro-political and economic conditions, which have undoubtedly impacted UK business activity levels during the entire financial period under review, it is pleasing to report ongoing progress in the first half of the current financial year, with revenues delivered in line with budget. New business origination increased 7% to £87.8m in the half-year ended 30 November 2019, compared with £82.3 million for the same period in the prior year. Furthermore, new business origination in the 12-month period ended 30 November 2019 totalled £166.6m, compared with £153.1m in the preceding 12 months, an annualised increase of 9%.

Group revenue in the half-year ended 30 November 2019 amounted to £15.6m compared with £16.0m for the same period in the prior year, a marginal decrease of 2.5%. This reflects a slight change in the mix of revenue in the half-year, with less interest and related income from lending activities, and more income generated from broking activities, which has a lower margin, compared to the same period in the prior year. This, in turn, reflects the higher proportion of origination brokered-on, which was 65% of total new business in the half-year compared with 60% in the prior year. The Group's ability to choose between lending and broking-on, i.e. utilisation of the "hybrid" operating model, continues to be both a differentiator and a key business advantage, enabling the Group to robustly manage credit risk whilst maintaining net interest margin, which was a blended 12% in the first half, in line with 12% for the same period in the prior year.

Profit before tax and exceptional items in the half-year amounted to £3.2m compared with £4.1m in the prior period. This reflects the planned investment in both personnel and operations in the current financial year, highlighted in the Annual Report for the year ended 31 May 2019, together with the policy decision to further increase impairment provisions. At 30 November 2019, these provisions stood at £2.7m, or 2.2% of the receivables' portfolio, compared with £2.4m, or 1.9%, of the portfolio at 31 May 2019. The lending portfolio continued to grow and, at 30 November 2019, amounted to £143.5m compared with £141.7m at the prior year end. The Balance Sheet has also been strengthened with Net Assets at the period-end amounting to £56.1m compared with £53.8m at the prior year end and £50.8m at 30 November 2018.

Earnings per share and interim dividend

Earnings per share for the first half of the financial year were 2.76 pence compared with 3.62 pence per share in the comparable period for the previous year. Notwithstanding this reduction, the Board has determined to maintain its progressive dividend policy and is pleased to declare an interim dividend of 0.36 pence per share for the half-year ended 30 November 2019, an increase of 29% from 0.28 pence per share declared in the prior period. This will be paid on 12 May 2020 to shareholders on the register at 17 April 2020. The shares will be marked ex-dividend on the 16 April 2020. The Group paid a total dividend in respect of the financial year ended 31 May 2019 of 0.84 pence per share.

Funding

The Group's capital management objective is to maintain a strong capital base to support its current operations and planned growth whilst continuing to reduce the cost of capital in order to provide returns for shareholders and benefits for other stakeholders. The Group increased its funding facilities during the period to £170.7m at 30 November 2019 compared with £167.1m at the prior year end, 31 May

2019. The increase in facilities includes the renewal and extension of the Group's key block discounting facilities for leasing and the addition of a further loan note facility for funding secured business loans.

The Group's blended cost of borrowing in the first half marginally improved to 3.9% from 4.0% for the year ended 31 May 2019.

Strategy and Outlook

The Group remains committed to providing a comprehensive range of finance solutions to support the UK SME sector and UK consumers whilst aiming to deliver profitable growth in order to increase shareholder value. The Board is satisfied with the progress made during the first half, laying the operational foundations for delivering the next phase of its strategic development through to 2024.

Demand for business-critical asset, loan and invoice finance from UK SMEs and cost-effective vehicle and property finance for consumers continues to increase. The levels of demand the Group is able to generate is encouraging given an increasingly competitive market for bank and alternative finance and against the background of political and economic uncertainty which has prevailed for the past 12 months. The Board continues to see opportunities for further organic and strategic growth as certainty returns to UK markets.

Ian Smith
Chief Executive Officer, 1pm plc

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 30 NOVEMBER 2019**

	Note	Unaudited 6 months to 30 November 2019 £'000	Unaudited 6 months to 30 November 2018 £'000	Audited 12 months to 31 May 2019 £'000
REVENUE		15,570	15,967	31,814
Cost of sales		<u>(5,537)</u>	<u>(5,245)</u>	<u>(10,271)</u>
GROSS PROFIT		10,033	10,722	21,543
Administrative expenses		<u>(6,794)</u>	<u>(6,634)</u>	<u>(13,292)</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		3,239	4,088	8,251
Exceptional items		(122)	(89)	(221)
Share-based payments		<u>(51)</u>	<u>(110)</u>	<u>(3)</u>
OPERATING PROFIT AFTER EXCEPTIONAL ITEMS		3,066	3,889	8,027
Finance income		2	46	67
Finance expense		<u>(58)</u>	<u>(79)</u>	<u>(218)</u>
PROFIT BEFORE TAXATION		3,010	3,856	7,876
Adjusted earnings before interest, tax, exceptional items and share-based payments				
		3,183	4,055	8,100
Exceptional items		(122)	(89)	(221)
Share-based payments		<u>(51)</u>	<u>(110)</u>	<u>(3)</u>
PROFIT BEFORE TAXATION		3,010	3,856	7,876
Taxation		<u>(572)</u>	<u>(728)</u>	<u>(1,524)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME		2,438	3,128	6,352
Attributable to equity holders of the company		<u>2,438</u>	<u>3,128</u>	<u>6,352</u>
Profit per share attributable to the equity holders of the company during the Period				
		Pence per share	Pence per share	Pence per share
- basic	6	<u>2.76</u>	<u>3.62</u>	<u>7.30</u>
- diluted	6	<u>2.70</u>	<u>3.14</u>	<u>6.61</u>

All of the above amounts are in respect of continuing operations.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS TO 30 NOVEMBER 2019**

	Unaudited 6 months to 30 November 2019	Audited 12 months to 31 May 2019
	£'000	£'000
NON-CURRENT ASSETS		
Goodwill	27,847	27,847
Intangible assets	430	493
Property, plant and equipment	1,380	1,418
Trade and other receivables	43,599	50,710
Deferred tax	958	945
	<u>74,214</u>	<u>81,413</u>
CURRENT ASSETS		
Cash and cash equivalents	2,294	1,851
Trade and other receivables	87,291	74,432
	<u>89,585</u>	<u>76,283</u>
TOTAL ASSETS	<u>163,799</u>	<u>157,696</u>
EQUITY		
Called up share capital	8,899	8,760
Share premium account	25,360	25,134
Employee Shares	298	298
Treasury Shares	(300)	(300)
Retained earnings	21,828	19,888
TOTAL EQUITY	<u>56,085</u>	<u>53,780</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Trade and other payables	30,744	29,805
Financial liabilities – borrowings	-	469
Provisions	-	801
	<u>30,744</u>	<u>31,075</u>
CURRENT LIABILITIES		
Trade and other payables	71,335	67,563
Financial liabilities – borrowings	3,425	3,278
Provisions	745	691
Dividends payable	498	-
Tax payable	967	1,309
	<u>76,970</u>	<u>72,841</u>
TOTAL LIABILITIES	<u>107,714</u>	<u>103,916</u>
TOTAL EQUITY AND LIABILITIES	<u>163,799</u>	<u>157,696</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 NOVEMBER 2019**

	Unaudited 6 months to 30 November 2019 £'000	Unaudited 6 months to 30 November 2018 £'000
Cash generated from operations		
Profit before tax	3,010	3,856
Depreciation and amortisation charges	364	637
Finance costs	58	79
Finance income	(2)	(46)
Decrease/(Increase) in inventory	-	(119)
Decrease/(Increase) in trade and other receivables	(5,748)	(60)
(Decrease)/Increase in trade and other payables	4,711	(2,688)
Movement in non-cash items	15	(42)
	<u>2,408</u>	<u>1,617</u>
Cash flows from operating activities		
Interest paid	(58)	(79)
Tax paid	(913)	(759)
	<u>1,437</u>	<u>779</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Interest received	2	46
Contingent consideration paid	(367)	(536)
Purchase of software, property, plant & equipment	(261)	(451)
	<u>(626)</u>	<u>(941)</u>
Net cash generated from investing activities		
Cash flows from financing activities		
Loan repayments in period	(621)	(651)
Loans issued in period (inc overdrafts)	300	326
Dividends paid	-	(560)
	<u>(321)</u>	<u>(885)</u>
Net cash generated from financing activities		
Increase in cash and cash equivalents	490	(1,047)
Cash and cash equivalents at the beginning of the period	<u>331</u>	<u>2,070</u>
Cash and cash equivalents at the end of the period	<u><u>821</u></u>	<u><u>1,023</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 NOVEMBER 2019**

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Treasury Shares £'000	Employee Shares £'000	Total Equity £'000
Balance at 31 May 2019	8,760	25,134	19,888	(300)	298	53,780
Total comprehensive income	-	-	2,438	-	-	2,438
Transactions with owners						
Dividends	-	-	(498)	-	-	(498)
Issue of share capital	139	226	-	-	-	365
Balance at 30 November 2019	8,899	25,360	21,828	(300)	298	56,085

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Treasury Shares £'000	Employee Shares £'000	Total Equity £'000
Balance at 31 May 2018	8,621	24,721	14,342	(300)	295	47,679
Total comprehensive income	-	-	3,128	-	-	3,128
Transactions with owners						
Dividends	-	-	(560)	-	-	(560)
Issue of share capital	139	413	-	-	-	552
Balance at 30 November 2018	8,760	25,134	16,910	(300)	295	50,799

1 BASIS OF PREPARATION

The financial information set out in the interim report does not constitute statutory accounts as defined in section 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 May 2019 prepared in accordance with IFRS as adopted by the European Union and with the Companies Act 2006 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. These interim financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies set out in the most recently available public information, which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 May 2019. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information for the six months ended 30 November 2018 and the six-month period to 30 November 2019 are unaudited and do not constitute the Group's statutory financial statements for these periods. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Going Concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Recent Accounting developments

IFRS 16, 'Leases' addresses the recognition of leases on the balance sheet. The standard is effective for accounting periods beginning on or after 1 January 2019. The standard eliminates the classification of leases as either operating or finance leases and results in operating leases being treated as finance leases. This has resulted in previously recognised operating leases being treated as property, plant and equipment and a finance lease creditor. The issue of the standard has increased the value of property, plant and equipment and the finance lease liability on the balance sheet, but the adoption of this standard has not had a material impact on the profit of the Group.

2 SEGMENTAL REPORTING

The Group has one business segment to which all revenue, expenditure, assets and liabilities relate.

3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

4 TAXATION

Taxation charged for the period ended 30 November 2019 is calculated by applying the directors' best estimate of the annual tax rate to the result for the period.

5 SHARE CAPITAL

The Articles of Association of the company state that there is an unlimited authorised share capital.

Each share carries the entitlement to one vote.

On 4 September 2019 the Company issued 1,388,888 Ordinary £0.10 shares at £0.2625 per share, being deferred consideration to the vendors of Positive Cashflow (Holdings) Limited, as part of the Share Purchase Agreement entered into on 29 June 2017.

6 EARNINGS PER ORDINARY SHARE

The earnings per ordinary share has been calculated using the profit for the period and the weighted number of ordinary shares in issue during the period. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months to 30 Nov 2019 £'000	6 months to 30 Nov 2018 £'000	12 months to 31 May 2019 £'000
Earnings attributable to ordinary shareholders	2,438	3,128	6,352
Basic EPS			
Weighted average number of shares	88,264,309	86,503,533	87,048,483
Per-share amount pence	2.76	3.62	7.30
Diluted EPS			
Weighted average number of shares	90,375,095	99,617,558	96,058,428
Per-share amount pence	2.70	3.14	6.46

7 DIVIDENDS

Dividends provided for or paid during the half year:

	6 months to 30 Nov 2019 £'000	6 months to 30 Nov 2018 £'000	12 months to 31 May 2019 £'000
Ordinary shares of £0.10 each			
Final	498	561	561
Interim	-	-	245
Total	498	561	806

On 12 December 2019 the company paid a final dividend of £498,317 for the financial year ending 31 May 2019, being 0.56 pence per Ordinary £0.10 share. This was in addition to a maiden dividend for the year of £245,269 (0.28 pence per share) which was paid on 1 May 2019. Taken together the total dividend for the year ending 31 May 2019 was thus £743,586 (total 0.84 pence per share). £560,349 was paid by the company on 1 November 2018 being 0.65 pence per share for the financial year ending 31 May 2018. Since the end of the half-year the Board have recommended the payment of an interim dividend of 0.36 pence per share for the period ended 30 November 2019. This is expected to be paid on 12 May 2020.

8 COPIES OF THE INTERIM REPORT

Copies of the Interim Report are available from www.onepmfinance.co.uk and the Company Secretary at the registered office: 2nd Floor, St James House, The Square, Lower Bristol Road, Bath, BA2 3BH