

Morses Club PLC

Recommended Proposals for the introduction of U Money PLC as the new holding company of the Morses Club Group

Morses Club PLC (“Morses Club”, the “Company” or, together with its subsidiary undertakings, the “Group”), an established provider of non-standard financial services, provides the following update to its investors.

Morses Club is proposing a reorganisation of its business and corporate structure which will involve the introduction of a new, AIM-quoted, holding company for the Group, U Money PLC (“U Money”). Following the reorganisation, there will be two distinct business divisions, home collected credit (“HCC”) and digital (“Digital”), which will operate through separate operating subsidiaries of U Money; HCC through Morses Club and Digital through Shelby Finance Ltd (“Shelby Finance”) under the brands Dot Dot Loans for online lending and U Account for online e-money current accounts.

The recent acceleration of the Group’s digital transformation, as a result of changes to market conditions and customer needs due to the COVID-19 pandemic, necessitates the realignment of the Group’s structure to allow it to better facilitate the ongoing development of the Group’s digital strategy.

The Board believes the reorganisation provides all stakeholders with material benefits, including, but not limited to:

- aligning the structure of the Group to provide both new and existing customers with a balanced offering of Digital and HCC products and services to support their financial needs;
- creating two clear, distinct business lines, Digital and HCC, to ensure there is no confusion with regards to the branding of the lines;
- aligning the presentation of the Group with the markets in which the Group operates, creating clarity as to branding and ensuring a broader span of appeal to a wider market of funders, investors, customers and key stakeholders; and
- continuing to evolve the business, by easing its entry into new markets and managing the Group’s resources as a Group operation.

The reorganisation will have no direct impact on the Group’s customers who will continue to be served by their existing business division.

The reorganisation will be implemented by means of a members’ scheme of arrangement under Part 26 of the Companies Act 2006 (the “Members Scheme”), and will be subject to shareholder approval, sanction by the High Court and FCA regulatory approval for U Money to become a controller of the Group. The application, submitted 6 July 2021, is with the FCA for consideration.

A video of Morses Club CEO, Paul Smith, outlining the reorganisation and why it benefits all stakeholders can be found on the Company's investor relations website at <https://www.morsesclubplc.com/>.

Effect of Reorganisation

As part of the Members Scheme, Morses Club shareholders will receive the same number of U Money ordinary shares as their current number of Morses Club ordinary shares and continue to enjoy the same rights and economic exposure to the Morses Club Group.

To ensure continuity in trading in the Group's shares, U Money's ordinary shares will be admitted to trading on AIM and concurrently Morses Club's ordinary shares will be delisted from trading on AIM.

U Money ordinary shares are expected to commence trading on AIM under the ticker UMY on 12 October 2021 at 8.00am.

A new company, U Money Services Limited has been incorporated as a subsidiary of U Money and will operate as a service company supporting the two operating subsidiaries, Morses Club and Shelby Finance.

Publication of Circular and Notice of Court Meeting and General Meeting

The Group will today be publishing a circular that will be sent to all shareholders who are entitled to vote on the Members Scheme (the "Circular"). The Circular is also available on the Company's investor relations website, www.morsesclubplc.com.

The Members Scheme is conditional on the approval of the Group's shareholders (amongst other approvals). Accordingly, the Circular contains a notice of both a court convened meeting of the Company (the "Court Meeting") and a general meeting of the Company (the "General Meeting") which is to be held at Suite 2.01, One City West, Gelderd Road, Leeds, LS12 6NJ at 10.30am for the Court Meeting and 10.50am for the General Meeting on 8 September, in which shareholders can, if thought fit, pass the Resolutions set out in the Circular.

If shareholders intend to attend the Court Meeting and the General Meeting in person, the Company would ask that, due to the continued presence of COVID-19 concerns, shareholders confirm to the Company by email to investors@morsesclubplc.com whether they will be attending the Court Meeting and the General Meeting in person, to ensure the Company has in place proper COVID-19 protections. Shareholders will be able to join the meetings virtually by emailing investors@morsesclubplc.com for a link to join the meetings.

Expected timetable of events for the Members' Scheme of arrangement

Item	Date and time
Posting of Circular	16 August 2021
Court Meeting	10:30 a.m. on 8 September 2021

General Meeting	10:50 a.m. on 8 September 2021
Court Hearing to sanction the Members Scheme	5 October 2021
Last day of dealings in, and for registration of transfers of, Morses Club PLC Ordinary Shares	Close of business on 11 October 2021
Members' Scheme Effective Date	By 8.00 a.m. on 12 October 2021
Admission of trading, and dealings commence in, the shares of U Money PLC on AIM	8.00 a.m. on 12 October 2021
Cancellation of trading on AIM of the Morses Club PLC Ordinary Shares	8.00 a.m. on 12 October 2021
U Money PLC's Ordinary Shares are listed, crediting of U Money PLC's Ordinary Shares to CREST accounts and trading in these shares on AIM	8.00 a.m. on 12 October 2021

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Notes to Editors

About Morses Club

Morses Club is an established provider of non-standard financial services in the UK. The Group consists of Morses Club, the second largest HCC provider, and Shelby Finance Limited, Morses Club's Digital division, which operates under two online brands, Dot Dot Loans, an online lending provider, and U

Account, which offers online e-money current accounts. The Group's growing Digital capabilities and scalable, highly invested IT platform has enabled Morses Club to deliver an increasingly broad range of financial products and services to the non-standard credit market.

UK HCC is considered to be a specialised segment of the broader UK non-standard credit market. UK HCC loans are typically small, unsecured cash loans delivered directly to customers' homes. Repayments are collected in person during weekly follow-up visits to customers' homes.

Morses Club's HCC division is the second largest UK Home Collected Credit (HCC) lender with 151,000 customers throughout the UK. The majority of the Company's customers are repeat borrowers and the HCC division enjoys consistently high customer satisfaction scores of 98%². In 2016, the Morses Club Card, a cashless lending product, was introduced and in 2019 the Company introduced an online customer portal for its HCC customers, which now has over 107,000 registered customers.

The Group's growing Digital division, Shelby Finance, operates under two online brands. Dot Dot Loans provides online instalment loans of up to 48 months to c. 23,000 active customers. U Account is a leading digital current account provider offering an alternative to traditional banking by providing a fully functional agency banking service. U Account currently has c. 6,000 customers.

Morses Club listed on AIM in May 2016.

About the UK non-standard credit market

The UK non-standard credit market, of which UK HCC is a subset, consists of both secured and unsecured lending and is estimated to comprise around 10 million consumers³ and total loan receivables of £10.7bn⁴.

Non-standard credit is the provision of secured and unsecured credit to consumers other than through mainstream lenders. Lenders providing non-standard credit principally lend on an unsecured basis and the market is characterised by high frequency borrowing. Approximately 2 million people move annually between standard and non-standard markets⁴.

Since February 2014, unsecured personal lending has grown from £161 billion to £225 billion in February 2020. It has since contracted to £197 billion in March 2021⁵.

¹ High Cost Credit Review ANNEX 1 - July 2017

² Independent Customer Satisfaction Survey conducted by Mustard

³ FCA High Cost Credit Review Technical Annex 1: CRA data analysis of UK personal debt - July 2017

⁴ Apex Insight - Non-Prime Consumer Credit: UK Market Insight Report - September 2019

⁵ Table A5.2, Bank of England Money and Credit Bank stats March 2021