

## Morses Club PLC

### Company update

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.

Following an ongoing review of the proposals for the reorganisation of its business and corporate structure to introduce a new holding company for the group, U Money PLC (“U Money”), Morses Club has decided not to proceed with the process and has withdrawn further activity to effect the members’ scheme of arrangement announced on 13 August 2021. Morses Club PLC (Home Collected Credit) and Shelby Finance Limited (Digital) will continue to operate as separate divisions and the decision will have no direct impact on customers or the operating structure of the Group.

The decision was taken after it became apparent that there was no certainty that the work required to complete the process could be achieved within the remaining timescales which had already been extended from the original date of 12 October 2021. On this basis, the Board has determined that it is now not possible to meet the long-stop date of 31 December 2021.

Further funding arrangements for the Group have now been confirmed until 31 March 2023, and the business is trading in line with expectations, with continued strong customer demand for credit products in both trading divisions.

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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%<sup>2</sup>. 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 consumers<sup>3</sup> and total loan receivables of £10.7bn<sup>4</sup>.

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 markets<sup>4</sup>.

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 2021<sup>5</sup>.

<sup>1</sup> High Cost Credit Review ANNEX 1 - July 2017

<sup>2</sup> Independent Customer Satisfaction Survey conducted by Mustard

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

<sup>4</sup> Apex Insight - Non-Prime Consumer Credit: UK Market Insight Report - September 2019

<sup>5</sup> Table A5.2, Bank of England Money and Credit Bank stats March 2021

