

Morses Club PLC

Trading 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 on trading for the 26-week period ending 28 August 2021.

Trading

Morses Club performed strongly during the period and has traded in line with market expectations. The Group’s offering has continued to evolve over the first half of the year to meet changing customer needs as a result of the Covid-19 pandemic and the Company’s strategy to become a more complete provider of non-standard financial products and services continues apace.

Digital

In the Digital lending division, customer numbers for both short-term and long-term lending have increased and stood at over 46,000 at the end of the period, an increase of 100% since the end of FY21. The gross loan book was £35.7m, an increase of 194% against the year-end. Against the same period for 2021, credit issued has increased by 271%, from £9.1m (H1 FY21) to £24.7m (H1 FY22). The quality of the lending in the digital division remains high, with collections performance in line with management’s budgeted plan. As previously reported, the Group expects the impairment range for Digital to increase during the period, due to the IFRS9 requirement to take forward-looking provisions at the outset of the loan period.

Home Collected Credit

The Home Collected Credit division performed in line with expectations, with customer numbers at over 143,000 at the end of the period. Morses Club continues to focus on the quality of its lending. Total credit issued during H1 FY22 was £53.1m, 17% above management’s budgeted plan and 4% higher than the equivalent period in H1 FY21 (£51.2m), despite tightening credit policy to further enhance the quality of our lending. The gross loan book was £95.8m (FY21 £80.5m). The Group continues to adapt to a structurally changing HCC sector where, despite the removal of Government restrictions, the Group’s digital HCC offering remains very popular; 65% of all lending is now cashless, while 86% of payments are cashless. Over 75% of customers are signed up for the customer portal. Cash collection performance in the HCC division has remained consistent and is ahead of management’s budgeted plan. Impairment for the first half of the year is expected to be within the Company’s guidance range. Customer satisfaction remains high at 98% for the HCC division.

Notice of Interim Results

Morses Club will be announcing its interim results for the 26-week period ending 28 August 2021 on Thursday 7 October 2021.

Paul Smith, Chief Executive Officer of Morses Club, said:

"I am pleased by the progress the Group has made over the first half of the year. We have seen strong demand for our products as the market has re-opened and with the ongoing economic recovery we expect this to continue.

"Our long-term strategy to evolve into a more complete provider of non-standard financial services products and the reduced competition in the HCC and Digital sectors is likely to be to our benefit. I look forward to the future with confidence as we continue to provide our customers with products and services to support their financial needs."

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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 UK's second largest home collected credit ("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 151,000¹ 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 107,000¹ 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. 23,000¹ 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. 6,000¹ 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 As per audited figures at 27 February 2021

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