

Morses Club PLC

Reconfirming Market Guidance

Morses Club PLC ("Morses Club" or the "Company") notes the recent share price movement and issues the following statement to ensure that full accuracy of information in the market is maintained.

The Company remains confident in the guidance it provided in its Trading Statement on 11th March 2020. As guided, the HCC division continues to perform well and is expected to maintain like-for-like profitability for FY20 versus FY19. We are pleased to report that our impairment levels as a percentage of revenues for HCC will be at the lower end of our guidance range of 21% - 26%. It is noteworthy that this result will be one of the best in the HCC sector.

Morses Club has a robust balance sheet and as previously announced, we intend to maintain our existing dividend policy. Our interest cover is almost twice what is needed under our debt funding covenants. Provisional interest cover (based on six-month rolling EBITDA) at the end of February 2020 was 9x, compared to a covenant of 5x.

Negotiations regarding our new funding facility are progressing well and it is envisaged that a positive announcement will be made confirming arrangements at the appropriate time.

The Board is delighted to welcome back Andy Thomson in the role as interim CFO. Andy was previously Morses Club's CFO and has stepped down from his role as a Non-executive Director on the Board of Morses Club to take up this role. Andy served as Morses Club's CFO for three years and was instrumental in building Morses Club into the UK's second largest HCC lender. His analytical skills and track record in the financial stewardship of the Company will provide Morses Club with undoubted expertise as the Company continues its strategy of diversifying its product offering to take advantage of opportunities in the wider non-standard credit market.

Paul Smith, CEO commented:

"We remain confident in the guidance we provided to the market in our Trading Statement on 11th March."

"I am delighted to be able to welcome Andy Thomson back as interim CFO. Andy and I work extremely well together as evidenced at the IPO and years of subsequent results. Morses Club is highly cash-generative and has a robust balance sheet. Our customer-centric focus and Andy's significant experience and sharp focus will be invaluable as we undertake this period of investment and the re-engineering of our digital businesses as part of our product diversification strategy."

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Notes to Editors**About Morses Club**

Morses Club is an established non-standard financial services provider, consisting of Morses Club, the UK's second largest home collected credit ("HCC") provider, and Shelby Finance Limited which operates online lending through its Dot Dot brand and online e-money current accounts through its U Account brand.

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. UK HCC is considered to be stable and well-established, with approximately 1.6 million¹ people using the services of UK HCC lenders.

The HCC division is the second largest UK Home Collected Credit (HCC) lender with 224,000 customers and 1,695 agents across 90 locations throughout the UK. The majority of the Company's customers are repeat borrowers and the HCC division enjoys consistently high customer satisfaction scores of 97%². In April 2016 its cashless lending product Morses Club Card was introduced, enabling its customers to buy online as well as on the high street. In February 2019, the Company introduced an online customer portal for its HCC customers, which now has over 78,000 registered customers.

Shelby Finance, via the Dot Dot brand has 37,000 active customers and via the U Account brand, has c.18,000 customers using the online e-money product. Dot Dot is a provider of 3 - 9 month short-term online loans and 18 – 48 month online loans in the non-standard credit market.

Morses Club successfully 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 £216 billion in February 2019⁵.

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 February 2019

This announcement constitutes inside information for the purposes of article 7 of the Market Abuse Regulation (EU) No 596/2014.