

12 January 2023

Morses Club PLC

Proposed Cancellation of admission of Ordinary Shares to trading on AIM Re-Registration as a Private Limited Company Adoption of New Articles of Association and Notice of General Meeting

Morses Club PLC (AIM: GB00BZ6C4F71, "**Morses Club**", the "**Group**", or the "**Company**"), the established provider of non-standard credit services, announces the proposed cancellation of admission of its Ordinary Shares to trading on AIM ("**Cancellation**"), re-registration as a private limited company ("**Re-registration**") and adoption of new articles of association ("**New Articles**").

A circular ("**Circular**") will be sent to Shareholders later today, setting out the background to and reasons for the proposed Cancellation and the Re-registration and associated adoption of the New Articles. The Circular will also contain a notice convening a general meeting ("**General Meeting**") at which Shareholders are invited to consider and, if thought fit, approve the proposed Cancellation and the Re-registration and associated adoption of the New Articles.

Details of the proposed Cancellation and Re-registration

The Directors have undertaken a detailed review to evaluate the benefits and drawbacks to the Group of retaining the quotation of the Ordinary Shares on AIM.

This review has also included, amongst other matters:

- the impact of the current market sentiment due to the ongoing material uncertainty arising from the current complaints situation;
- their belief that continued admission to trading on AIM no longer sufficiently provides the Company with the advantage of providing access to capital in the medium to longer-term, nor, in the opinion of the Directors, provides significant liquidity to investors. As a result, the Directors have concluded that the most likely source of future funds will be through private capital;
- the increasing costs of maintaining a public listing, and the subsequent ability of the Company to contribute £5m into the compensation fund which is required to fund the Scheme (noting that, in the absence of such contribution, the Company would need to commence insolvency proceedings); and
- that there is clarity for Shareholders and potential investors as to the status of the Company prior to the Fundraise which is proposed to fund the Scheme. If such funding is not received and the Scheme does not proceed, then the Directors continue to believe that the Company could no longer continue as a going concern and it will need to commence insolvency proceedings.

Further details of this analysis are given in the Appendix to this announcement.

For these reasons, the Directors have concluded that Cancellation and Re-registration and adoption of the New Articles are in the best interests of the Group.

To be passed, the Cancellation Resolution requires, pursuant to Rule 41 of the AIM Rules, the approval of not less than 75 per cent. of the votes cast by Shareholders at the General Meeting. The Resolution to approve the Re-registration and the adoption of New Articles also requires the approval of not less than 75 per cent. of the votes cast by Shareholders at the General Meeting.

Irrevocable undertakings and letters of intent

The Company has received irrevocable undertakings to vote in favour of the Resolution from all of the Directors who hold Ordinary Shares in respect of their entire beneficial holdings of Ordinary

Shares amounting to, in aggregate, 790,000 Ordinary Shares and representing approximately 0.59 per cent. of the issued share capital of the Company.

The Company has also received irrevocable undertakings to vote in favour of the Resolutions from other shareholders in respect of 50,772,986 Ordinary Shares, representing approximately 37.77 per cent. of the issued share capital of the Company.

In addition, the Company has received letters of intent to vote in favour of the Resolutions from other Shareholders in respect of 17,121,293 Ordinary Shares, representing approximately 12.74 per cent. of the issued share capital of the Company.

In aggregate, the Company has therefore received irrevocable undertakings or letters of intent to vote, or procure that any other person votes, in favour of the Resolutions in respect of a total of 68,684,279 Ordinary Shares, representing approximately 51.09 per cent. of the issued share capital of the Company.

Dealing and settlement arrangements prior to and following Cancellation

Shareholders should note that they are able to continue trading in the Ordinary Shares on AIM prior to Cancellation, which is anticipated to occur at 7.00 a.m. on 13 February 2023.

The Company has appointed Asset Match (www.assetmatch.com) to facilitate trading in the Ordinary Shares. Asset Match, a firm authorised and regulated by the Financial Conduct Authority, will operate an electronic off-market dealing facility for the Ordinary Shares. This facility will allow shareholders and new investors to trade Ordinary Shares by matching buyers and sellers through periodic auctions. Investors can register their interest for further information on the Asset Match auction process by emailing dealing@assetmatch.com. Full details will be made available to Shareholders on the Company's website at www.morsesclubplc.com once the Cancellation has been approved by Shareholders at the General Meeting.

The General Meeting

The General Meeting will be held at the offices of Eversheds Sutherland at Bridgewater Place, Water Lane, Leeds LS11 5DR on 3 February 2023.

The notice convening the General Meeting and setting out the Resolutions to be considered at it will be set out in the Circular which is expected to be made available to Shareholders later today, draft extracts of which can be found in the Appendix to this announcement.

Capitalised terms in this announcement, unless otherwise defined, have the same meaning as will be set out in the Circular.

Expected Timetable of Principal Events

<i>Event</i>	<i>Time and/or date⁽¹⁾⁽²⁾</i>
Announcement of the proposed Cancellation, Re-registration, adoption of New Articles	12 January 2023
Publication and posting of the Circular	12 January 2023
Latest time for receipt of votes in respect of the General Meeting	10.30am 1 February 2023
General Meeting	10.30am 3 February 2023
Announcement of the results of the General Meeting	3 February 2023
Last day of dealings in Ordinary Shares on AIM	10 February 2023
Cancellation	13 February 2023
Re-registration as a private company	Week commencing 20 February 2023

Notes:

- (1) All of the times referred to in this Document refer to London time, unless otherwise stated.
- (2) Each of the times and dates in the above timetable are subject to change. If any of the above times and/or dates change, the revised times and dates will be notified to Shareholders by an announcement through a Regulatory Information Service.
- (3) All events listed in the above timetable following the General Meeting are conditional on the passing at the General Meeting of the Resolutions.

Recommendation

The Directors consider that the Cancellation and the Re-registration and adoption of the New Articles are in the best interests of the Company and its Shareholders as a whole and, therefore, unanimously recommend that Shareholders vote in favour of the Resolutions at the General Meeting as Gary Marshall, Graeme Campbell and Peter Ward (being the Directors who are interested in Ordinary Shares) intend to vote, or procure the vote, in respect of, in aggregate, 790,000 Ordinary Shares to which they are beneficially entitled.

Certain other Shareholders have also given irrevocable undertakings or letters of intent to vote in favour of the Resolutions as detailed in this announcement.

A copy of the Circular and the New Articles will be made available on the Morses Club PLC website www.morsesclubplc.com/investors/key-corporate-documents.

Update on Scheme of Arrangement

The Company continues to progress the proposed Scheme of Arrangement in preparation for the Court convening hearing scheduled for 7 March 2023. This includes the proposals regarding the need to raise £15m of equity funding for the contribution to the Scheme compensation fund. Further to previous announcements, the Company can confirm that the Shareholder general meeting to approve share dilution and equity raise will be held after the Scheme sanction hearing.

For more information contact

Morses Club PLC

Gary Marshall, Chief Executive 44 (0) 330 045 0719
Graeme Campbell, Chief Financial Officer

Blackdown Partners Limited (Financial Adviser)

Tom Fyson +44 (0) 20 3807 8484
Julian Collett

Peel Hunt (Nominated Adviser, Financial adviser and Broker)

Paul Shackleton +44 (0) 20 7418 8900
Andrew Buchanan
Sam Milford (Investment Banking Division)

Camarco

Jennifer Renwick
Charlotte Hollinshead +44 (0) 20 3757 4994

About Morses Club PLC

Morses Club is an established provider of non-standard financial services in the UK. The Group consists of Morses Club, the UK's largest home collected credit ("HCC") provider¹, and Shelby Finance Limited, Morses Club's digital division, which operates under the online brand Dot Dot Loans, an online lending provider. The Group's growing digital capabilities and scalable, highly invested IT platform has enabled Morses Club to deliver a broad range of lending 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.

Morses Club's HCC division is the largest UK HCC lender with 116,000 customers throughout the UK. The HCC division enjoys consistently high customer satisfaction scores of 95%². In 2019, the Company introduced an online customer portal for its HCC customers, which now has over 95,000 registered customers, 82% of HCC customers.

The Group's Digital division, Shelby Finance, operates under the online brand Dot Dot Loans, providing online instalment loans of up to 48 months to c. 25,000 active customers.

Morses Club was 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 12 million consumers³ and total loan receivables of £9.6bn³.

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 November 2014, unsecured personal lending has grown from £162 billion to £225 billion in February 2020. It has since contracted to £197 billion in August 2021⁵.

¹ Based on Net Loan Book of £45.3m as at 28 August 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 - December 2020

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

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS DEFINED IN ARTICLE 7 OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 16 APRIL 2014 ON MARKET ABUSE (MARKET ABUSE REGULATION) AS RETAINED AS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED.

UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

APPENDIX – EXTRACTS FROM THE DRAFT CIRCULAR TO SHAREHOLDERS

Background to and reasons for the Cancellation and Re-registration

The Directors have undertaken a review to evaluate the benefits and drawbacks to the Company and its Shareholders of retaining the listing of the Ordinary Shares on AIM. This review has included, amongst other matters, the compatibility of the requirements for transparency within public markets, the public market share trading and valuation volatility of the Company and the increasing costs of maintaining a public listing. For these reasons, the Directors have concluded that the Cancellation and Re-registration are in the best interests of the Company and its Shareholders as a whole. Further details of the background to and reasons for the Cancellation and Re-registration are set out below.

- The Directors believe that a number of factors have impaired investor sentiment towards the Company, including amongst others: (a) the ongoing material uncertainty arising from the current complaints situation as detailed in the Company's annual report and accounts for the year ending 26 February 2022 and in the Company's RNS announcement dated 13 December 2022; (b) current market conditions; and (c) short term UK market volatility.
- There has been limited liquidity in the Ordinary Shares for some time and, as a result, the Directors believe that continued admission to trading on AIM no longer sufficiently provides the Company with the advantage of providing access to capital in the medium to longer-term, nor, in the opinion of the Directors, provides significant liquidity to investors. As a result, and with a current market capitalisation of approximately £1.5 million, the Directors have concluded that the most likely source of future funds will be through private capital.
- The significant cost, management time and legal and regulatory burden associated with maintaining the Company's admission to trading on AIM is, in the Directors' opinion, disproportionate to the benefits of the Company's continued admission to trading on AIM. As previously announced, if the Scheme is sanctioned, the Company will be required to contribute £5m into the compensation fund which is required to fund the Scheme. In the absence of such contribution, the Company would need to commence insolvency proceedings. It is the Directors' view that the expected cost savings that would be achieved from the proposed Cancellation would form an important part of such contribution, and thereby protect against a future deterioration in the Company's financial position and the Company's risk of insolvency.
- The Company wishes to seek the Cancellation now so that there is clarity for Shareholders and potential investors as to the status of the Company prior to the Fundraise which is proposed to fund the Scheme. If such funding is not received and the Scheme does not proceed, then the Directors continue to believe that the Company could no longer continue as a going concern and it will need to commence insolvency proceedings.

As a result of the above factors, following careful consideration, the Directors believe that it is in the best interests of the Company and Shareholders to seek the proposed Cancellation and Re-registration.

In addition, in connection with the Re-registration, it is proposed that the New Articles be adopted to reflect the change in the Company's status to a private limited company. The principal effects of the Re-registration and the adoption of the New Articles on the rights and obligations of Shareholders and the Company are summarised in the Circular to be posted to Shareholders.

Process for, and principal effects of, the Cancellation

The Directors are aware that certain Shareholders may be unable or unwilling to hold Ordinary Shares in the event that the Cancellation is approved and becomes effective. Such Shareholders should consider selling their interests in the market prior to the Cancellation becoming effective.

Under the AIM Rules, the Company is required to give at least 20 clear Business Days' notice of Cancellation. Additionally, Cancellation will not take effect until at least five clear business days have passed following the passing of the Cancellation Resolution. If the Cancellation Resolution is passed at the General Meeting, it is proposed that the last day of trading in Ordinary Shares on AIM will be 10 February 2023 and that the Cancellation will take effect at 7.00 am on 13 February 2023.

The principal effects of the Cancellation will include the following:

- there will be no formal market mechanism enabling the Shareholders to trade Ordinary Shares;
- it is possible that, following the publication of this Document, the liquidity and marketability of the Ordinary Shares are reduced and their value adversely affected (however, as set out above, the Directors believe that the existing liquidity in the Ordinary Shares is in any event limited);
- the Ordinary Shares may be more difficult to sell;
- in the absence of a formal market and quote, it may be difficult for Shareholders to determine the market value of their investment in the Company at any given time;
- the regulatory and financial reporting regime applicable to companies whose shares are admitted to trading on AIM will no longer apply;
- shareholders will lose certain protections to minority shareholders under the AIM rules, such as the independence of the Board and scrutiny of transactions with Related Parties, allowing larger shareholders to exercise more influence and control;
- the Company will no longer be required to seek shareholder approval, where applicable, for reverse takeovers and fundamental changes in the Company's business;
- the Company will not be bound to announce material developments as required by the AIM Rules, such as the interim results, final results, substantial transactions, related party transactions, and the information maintained on the Company's website under AIM Rule 26;
- the Company will no longer be subject to UK MAR regulating inside information and other matters;
- the Company currently follows the 2018 UK Corporate Governance Code. Following Cancellation it will no longer be required to follow a recognised corporate governance code;
- the Company will no longer be required to publicly disclose any change in major shareholdings in the Company under the Disclosure Guidance and Transparency Rules;
- Peel Hunt will cease to be Nominated Adviser to the Company;
- whilst the Company's CREST facility will remain in place immediately post the Cancellation, the Company's CREST facility may be cancelled in the future and, although the Ordinary Shares will remain transferable, they may cease to be transferable through CREST (in which case, Shareholders who hold Ordinary Shares in CREST will receive share certificates);
- stamp duty will be due on transfers of shares and agreements to transfer shares unless a relevant exemption or relief applies to a particular transfer; and
- the Cancellation and Re-registration may have personal taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent tax adviser.

The above considerations are not exhaustive, and Shareholders should seek their own independent advice when assessing the likely impact of the Cancellation on them.

For the avoidance of doubt, the Company will remain registered with the Registrar of Companies in England and Wales in accordance with and, subject to the Companies Act, notwithstanding the Cancellation and Re-registration.

The Company currently intends to continue to provide certain facilities and services to Shareholders that they currently enjoy as shareholders of an AIM company. The Company will:

- continue to maintain its website, www.morsesclubplc.com, although Shareholders should be aware that there will be no obligation on the Company to include all of the information required under the Disclosure Guidance and Transparency Rules, Rule 26 of the AIM Rules or to update the website as required by the AIM Rules; and
- continue to communicate to Shareholders (via its website) information about the Company including annual accounts (as required by the Companies Act) and half yearly trading updates, with accompanying presentations.

Following Cancellation, the Directors will be focussed on the long term recovery in the Company's business and anticipate this taking place over a 3-5 year time horizon post Cancellation. The Directors will at this stage consider the options for the Company, with such options expected to include a potential sale or exit for its shareholders.

The Resolutions to be proposed at the General Meeting include the adoption of the New Articles, with effect from the Re-registration. A summary of the principal effect of Re-registration and adoption of the New Articles on Shareholders will be included in the Circular. A copy of the New Articles can be viewed at www.morsesclubplc.com/investors/key-corporate-documents.

Transactions in the Ordinary Shares prior to and post the proposed Cancellation

Prior to Cancellation

Shareholders should note that they are able to continue trading in the Ordinary Shares on AIM prior to Cancellation.

Dealing and settlement arrangements

The Directors are aware that Shareholders may wish to acquire or dispose of Ordinary Shares in the Company following the Cancellation. The Company has appointed Asset Match (www.assetmatch.com) to facilitate trading in the Ordinary Shares on a matched bargain basis following Cancellation ("**Matched Bargain Facility**"). Asset Match, a firm authorised and regulated by the Financial Conduct Authority, will operate an electronic off-market dealing facility for the Ordinary Shares. This facility will allow existing shareholders of the Company and new investors to trade Ordinary Shares by matching buyers and sellers through periodic auctions. Investors can register their interest for further information on the Asset Match auction process by emailing dealing@assetmatch.com.

The Asset Match trading facility operates under its own code of practice, which governs the behaviour of participants and the running of the periodic auctions. Asset Match operates an open auction system where volumes of bids and offers at different prices are displayed on its website together with the closing date of the auction. At the end of each auction period, Asset Match pass this information through a non-discretionary algorithm that determines a "market-derived" share price based on supply and demand and allocates transactions accordingly. Bids and offers may be made and withdrawn at any time before the closing date of each auction.

Shareholders will continue to be able to hold their shares in uncertificated form (i.e. in CREST) and should check with their existing stockbroker whether they are willing or able to trade in unquoted shares. Shareholders wishing to trade shares through Asset Match must do so through a stockbroker. A comprehensive list of stockbrokers who have signed up to access the Asset Match platform is available on request.

Full details will be made available to Shareholders on the Company's website at www.morsesclubplc.com and directly by letter or e-mail (where appropriate). Shareholders may contact Asset Match in relation to any queries regarding trading via the secondary market trading facility by emailing dealing@assetmatch.com.

The Matched Bargain Facility will operate for a minimum of twelve months after Cancellation. The Directors' current intention is that it will continue beyond that time but Shareholders should note that it could be withdrawn. Further details will be communicated to the Shareholders at the relevant time.

If Shareholders wish to buy or sell Ordinary Shares on AIM, they must do so prior to the Cancellation becoming effective. As noted above, in the event that Shareholders approve the Cancellation, it is anticipated that the last day of dealings in the Ordinary Shares on AIM will be 10 February 2023 and that the effective date of the Cancellation will be 13 February 2023.

Current Trading, Strategy and Prospects

Notwithstanding the information and rationale provided within this Circular, attention is also drawn to the recent communication of the Company's interim financial results, trading performance and other updates which can be accessed at <https://www.morsesclubplc.com/news-media/regulatory-news/> specifically:

- Interim Results (24 November 2022);
- Issue of Practice Statement Letter and update on Scheme of Arrangement (13 December 2022); and
- Extension of Term-Out Clause (15 December 2022).

Re-registration

As set out above, following the Cancellation, the Directors believe that the requirements and associated costs of the Company maintaining its public company status will be difficult to justify and that the Company will benefit from the more flexible requirements and lower costs associated with private limited company status. It is therefore proposed to re-register the Company as a private limited company. In connection with the Re-registration, it is proposed that the New Articles be adopted to reflect the change in the Company's status to a private limited company. The principal effects of the Re-registration and the adoption of the New Articles on the rights and obligations of Shareholders and the Company are summarised in the Circular to be sent to Shareholders.

An application will be made to the Registrar of Companies for the Company to be re-registered as a private limited company. Re-registration will take effect when the Registrar of Companies issues a certificate of incorporation on Re-registration when it is satisfied that no valid application can be made to cancel the resolution to re-register as a private limited company or that any such application to cancel the resolution to re-register as a private limited company has been determined and confirmed by the Court.

Takeover Code

The Takeover Code applies to all offers for companies which have their registered offices in the United Kingdom, the Channel Islands or the Isle of Man if any of their equity share capital or other transferable securities carrying voting rights are admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man.

The Takeover Code also applies to all offers for companies (both public and private) which have their registered offices in the United Kingdom, the Channel Islands or the Isle of Man and which are considered by the Panel to have their place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man, but in relation to private companies only if one of a number of conditions are met, including that any of the company's equity share capital or other transferable securities carrying voting rights have been admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man at any time in the preceding 10 years.

Following the Cancellation and the Re-registration, the Takeover Code will continue to apply for a period of ten years from the Cancellation provided that the Company is considered by the Takeover Panel to have its place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man. This is known as the "residency test". The way in which the test for central management and control is applied for the purposes of the Takeover Code may be different from the way in which it is applied by the United Kingdom tax authorities, HMRC. Under the Takeover Code,

the Takeover Panel looks to where the majority of the Directors are resident, amongst other factors, for the purposes of determining where the Company has its place of central management and control.

Based on the current position of the Board, the residency test will be satisfied and the Takeover Code will continue to apply to the Company following the Cancellation and the Re-registration. However, the Takeover Code could cease to apply to the Company in the future if any changes to the composition of the Board result in the majority of the Directors not being resident in the United Kingdom, the Channel Islands and Isle of Man.

Process for Cancellation

Under the AIM Rules, it is a requirement that the Cancellation must be approved by Shareholders holding not less than 75 per cent. of votes cast by Shareholders at the General Meeting. Accordingly, the Notice of General Meeting to be set out in the Circular contains a special resolution to approve the Cancellation.

Furthermore, Rule 41 of the AIM Rules requires any AIM company that wishes the London Stock Exchange to cancel the admission of its shares to trading on AIM to notify shareholders and to separately inform the London Stock Exchange of its preferred cancellation date at least 20 Business Days prior to such date. In accordance with AIM Rule 41, the Directors have notified the London Stock Exchange of the Company's intention, subject to the Cancellation Resolution being passed at the General Meeting, to cancel the Company's admission of the Ordinary Shares to trading on AIM on 13 February 2023. Accordingly, if the Cancellation Resolution is passed, the Cancellation will become effective at 7.00 am on 13 February 2023. If the Cancellation becomes effective, Peel Hunt LLP will cease to be the nominated advisor of the Company and the Company will no longer be required to comply with the AIM Rules.

Blackdown Partners Limited ("**Blackdown**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement. Neither Blackdown nor any of its affiliates, directors, officers, employees, advisers or agents owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Blackdown in connection with this announcement, any statement contained herein or otherwise.

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