

Morses Club PLC

Update re COVID-19

Morses Club PLC ("Morses Club", the "Company" or the "Group"), an established provider of non-standard financial services, provides an update in relation to the Group's response to COVID-19. The Company continues to assess the impact of the current situation on the business, proactively adapting its activities in line with Government advice, with the health and wellbeing of its customers, employees and agents central to the changes made.

The business has quickly introduced wide-ranging adaptations to its operating model, to ensure that customer service is maintained. This includes all operational field management and agents now working from home and face-to-face customer visits replaced with a remote customer communication strategy. Morses Club is maximising the usage of its existing technology platform and payment methods to ensure that customer contact and collection activity can be maintained. Over 82,000 customers are now registered for the online customer portal, and the Company offers a range of remote payment methods, through which 41% of all collections were already completed remotely. Customer response to paying remotely has been very strong since the impact of COVID-19, with all agents and field managers now focused on collections and engaging with our customers through the comprehensive technology already in use across the business.

As a business, our focus will always be on lending responsibly and conservatively, putting the customer first. Therefore, at this stage, we are no longer extending credit to new customers. Our normal adherence to Treating Customers Fairly principles and forbearance continues. We are actively working on further adaptations to the model, in line with our regulatory permissions.

Over 50% of our customers are in receipt of state benefits or pension earnings and a significant proportion of our customer base is self-employed. The recent Government announcements regarding grants for the self-employed, and maintenance of 80% of earnings for employees who may become furloughed workers, are expected to help our customers to maintain levels of income.

Morses Club remains in a robust overall financial position, and positive negotiations continue with existing funding providers. Cash flows are being supported by the temporary cessation of home collected credit loans, significant tightening of online lending decisions, cutting discretionary expenditure and the increased focus on collections.

The Board recognises the difficulty in fully assessing the long-term macroeconomic impact of COVID-19 on the business and therefore considers it prudent to withdraw its financial guidance for FY21. In full consideration of all relevant circumstances, the Board will not recommend payment of a dividend in July and will review the capacity to make a payment at the appropriate time later in the year, once the impact of COVID-19 on Morses Club's business has become clearer.

The proposed date for the release of our final results for the period ended 29 February 2020 is currently under review with our auditors. Our results, which we had intended to announce on the 30 April 2020, will now be published at a later date due to the backlog of work facing all auditors as a result of changes to corporate reporting due to COVID-19. We will update the market on the revised proposed date when we have clarity from our auditors on timing.

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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.