

30 April 2020

## **Morses Club PLC**

### **New Loan Facility**

Morses Club PLC ("the Company", "Morses Club" or "the Group"), an established provider of non-standard financial services, is pleased to announce that it has secured an extension of its revolving credit facility (the "RCF") with its existing funding syndicate until the end of November 2021.

The Company has agreed a reduction in the level of the facility from £50 million to £40 million to better reflect the requirements of the business over the next 18 months as it anticipates some deleveraging of the business driven by decreased sales volumes due to COVID-19. In the last year this additional £10m headroom has not been used. Facility levels that better reflect the near term needs of the business are expected to reduce funding costs, with the Group's higher interest rate mezzanine debt facility now fully repaid and lower non-utilisation costs on the RCF facility expected.

The Company was advised on the extension of the RCF by finnCap Ltd's debt advisory team.

The customer response to Morses Club's recently launched remote lending product has been positive and collections are still performing strongly with 100,000 customers now registered to use the online customer portal. The Company has decided not to furlough any of its staff and all staff and agents are continuing to work remotely in support of customers. Morses Club is pleased to report that customer satisfaction levels for March continue to be high, at 97%.

#### **Paul Smith, Chief Executive Officer of Morses Club, commented:**

*"I am delighted that we have secured a new loan facility and that our three existing funders continue to support the business during this challenging period, demonstrating their confidence in Morses Club and our growth and digital diversification strategy. The new loan facility provides us with sufficient funding to meet our requirements including expanding our product offering as we address the evolving needs of our customers."*

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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 million<sup>1</sup> 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%<sup>2</sup>. 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 months 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 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 £216 billion in February 2019<sup>5</sup>.

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.